

WORLD NEWS

BA flights hit by cabin crew strike

European and UK domestic services by British Airways were disrupted when short-haul cabin crews held a 24-hour strike in support of a sacked air stewardess. Only three of the daily 51 shuttle services around Britain and just over half the scheduled European flights operated. Page 22; Union, show down.

Argentina talks
British and Argentina have agreed to formal talks on October 17 and 18 in Madrid, where they hope to announce a resumption of diplomatic relations. Both sides agreed to meet without prejudice to their respective positions on sovereignty over the Falkland Islands. Page 22.

China executes 10
Ten people were executed in Chengdu, western China, on charges of robbery and murder. A further 4,900 were held in a four-month crackdown on crime, the Sichuan Daily newspaper reported. China fears, Page 2.

S Africa crackdown
South African authorities clamped down on anti-apartheid activities, detaining the chief organiser of the current defiance campaign and banning a big rally. Page 22.

Robots kill policemen
Sixteen people, including three policemen, were killed by members of the People's Liberation Front in attacks in Sri Lanka, military sources said.

Police chief shot dead
The police commander of Antioquia state, Colombia, who had led a campaign against the Medellin drug traffickers and death squads, was shot dead by gunmen.

10 killed in India blast
A bomb blew up a bus near a Hindu shrine in north India, killing at least 10 and injuring 20. Sikh militants were blamed.

Estonian strikers return
Russian workers in Estonia began returning to work after suspending a strike against a new employer. They gave authorities six weeks to meet some of their demands or face a bigger strike.

Prague warning
Czechoslovakia warned that foreign tourists and journalists in Prague could be endangered in the event of illegal demonstrations during this weekend's 21st anniversary of the Soviet's invasion of the country.

Man United dead
Manchester United football club has been taken over by an Isle of Man property company in a deal which values the club at £20m. Page 22.

Rationing leaves
Devon and Cornwall face water rationing within a fortnight unless there is a 50 per cent cut in demand or prolonged rainfall.

The Milk Marketing Board
warned there may be price rises and shortages of cheese because the drought had reduced milk production.

Kidnay men free
Wealthy businessman Victor Cracknell escaped unharmed five days after being kidnapped at gunpoint from his Surrey home and held to ransom for £1 million. Police refused to confirm whether any money was paid.

Search draws blank
The hunt for missing British teacher Fiona Jones, missing since Monday in the Picardie region of France, was scaled down after an intensive search by 250 soldiers and gendarmes found nothing. Page 10.

MARKETS

STERLING
New York luncheon: \$1.5655
London: \$1.6883 (1.3585)
DM10.3250 (3.0673)
SF12.64 (2.945)
Y22.33 (22.5)
£ Index 81 (same).
COLD
New York: Comex Dec: \$373.8 (374.6)
London: \$365.75 (365.25)
N SEA Cr. (Argus)
Brent 15-day Sep: \$16.995 (17.075)
Chief price changes
yearly: Page 22

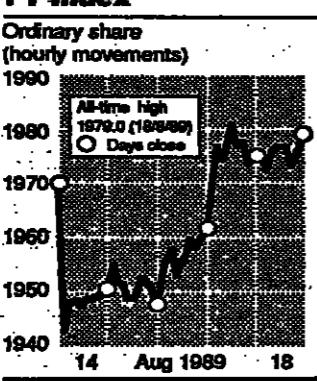
BUSINESS SUMMARY

AIDS drug test boosts Wellcome

WELLCOME shares surged by 32 per cent in London after overnight US news about the effectiveness of AZT or Retrovir, its anti-AIDS drug. The UK pharmaceutical company's shares ended the day 164p higher at 678p.

That surge accounted for about 10 points of the 15.1 the FT-SE 100 gained yesterday, while the FT Ordinary index

FT Index



14 Aug 1989

- which excludes Wellcome - ended a week of modest net improvement by adding only 4 points to 1,795. Page 22 and Lex; London stocks, Page 15; Hope for a breathing space, Page 7.

NEWGATEWAY, loser of the bid battle for UK food retailer Gateway, agreed to accept the terms offered by victorious rival Isosceles. Newgateway will take about £76m cash plus Isosceles shares for its 40 per cent Gateway stake. Continued on Page 22

US CONSUMER prices rose a modest 0.2 per cent in July. Page 2.

PLESSY, UK electronics group facing a £2bn hostile bid from General Electric Company of the UK and Siemens of West Germany, has paid about £15m to acquire a 2 per cent stake in rival Ferranti. Page 8.

COMPAGNIE Financière de Suez received French stock exchange approval for its bid for Compagnie Industrielle, but was ordered to raise its price in the linked offer for leading insurer Group Victoria in which Compagnie Industrielle holds a 40.17 per cent stake. Page 10.

JAPANESE chip makers have agreed to set a minimum price for dynamic random access memory chips, so ending a dumping dispute with the EC. Page 2.

FLETCHER-CHALLENGE, New Zealand's biggest company, is to pay at least NZ\$550m (£204m) for Rural Banking and Finance Corporation, the state-owned lender of mortgage finance to farmers. Page 10.

GENERAL ELECTRIC of the US said the US Navy had awarded it an order for F404-GE-400 turbofan engines that could eventually be worth more than \$2bn (£1.23m). Page 8.

KUNICK, USM-listed leisure and healthcare group, is buying Bell Fruit amusement businesses for £27m. Bell Fruit belongs to Cope Allman, a subsidiary of holding company Quotepac. Page 8.

IEL: The management bid for control of Industrial Equity, Australian arm of New Zealander Ron Brierley's empire, has been expanded to a full A\$1.8bn (£68.3m) takeover offer following objections from key shareholders. Page 10.

TRAVELLERS' FARE is offering 250 bounties to workers who can bring in recruits. Page 4.

MIDLAND BANK is buying Midland Montague House, its investment arm's City headquarters, through a £20.5m recommended offer for Chilingside City Securities. Page 8.

DSM, Dutch chemicals group undergoing privatisation, doubled second-quarter profits to F1.34m (£59m) and said the offer prices for its next share tranche would be announced next month. Page 10.

Mazowiecki is asked to form Polish government

By John Lloyd in Warsaw

POLAND'S Communist Party all but relinquished the last vestiges of power yesterday when it seemed certain that the country's first Solidarity Prime Minister would be a scholarly Catholic journalist who edits the movement's weekly magazine.

Mr Tadeusz Mazowiecki's appointment as the head of the country's first non-communist government since just after the Second World War had not been officially announced last night but he spent much of yesterday seeing such dignitaries as President Jaruzelski, Mr Bronislaw Geremek, the Solidarity Parliamentary leader, and Mr Mieczyslaw Rakowski, the Communist First Secretary.

In his first message to his 62-year-old intellectual said: "There are huge troubles, huge problems. It won't be easy. I am afraid of many things, but if we're only afraid, I would be a total pessimist. I would like people to feel that things are getting better."

An communiqué will be released today from the President's office, confirming Mr Mazowiecki's nomination.

President Jaruzelski continued talks with groups, including the lay-Catholic political parties and a band of American senators led by Mr Alan Cranston. It is thought he will complete these consultations before he announces Mr Mazowiecki's appointment.

Mr Mazowiecki, a widower with three sons, was seen by many in Solidarity as a sur-

prising choice, especially as he had earlier refused to stand for the Sejm, or senate, and when more charismatic and public figures like Mr Geremek and Mr Jacek Kuron, a deputy and long-time opposition figure, also seemed to have been in the running.

He probably owes his rapid elevation to the studied moderation and reserved judgment which are his best known characteristics.

He came to the fore again earlier this year when he chaired committees on union pluralism and was deputy chairman of the committees on politics and the media. He has remained close to Mr Lech Wałęsa, the Solidarity leader, since the movement's founding in August 1980.

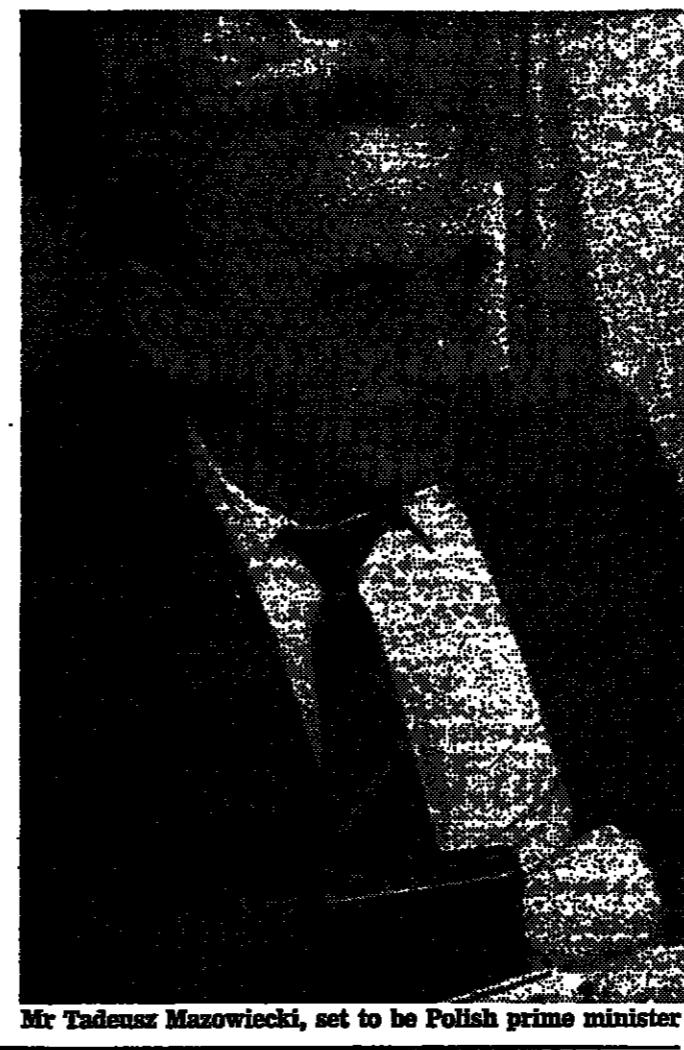
He now begins the task of forming a government largely composed of non-party experts.

Signs of Solidarity's new and responsible posture are already apparent. In the Senate, which held a brief session yesterday to approve an emergency budget, Senator Leszek Pietrowski, the Solidarity Senator from Katowice, appealed to striking miners in his constituency to return to work "in the name of your feelings for Solidarity. We can't strike when Solidarity is beginning to rule the country."

Later, Solidarity Senator Witold Trzciński said that an increase in budget income and a cut in spending were required to deal with inflation.

Continued on Page 22

The News, Page 2; Lex, in the News, Page 6



Mr Tadeusz Mazowiecki, set to be Polish prime minister

Inflation rate starts downward trend

By Ralph Atkins, Economics Staff

BRITAIN'S INFLATION rate fell for the first time in 19 months in July, almost certainly marking the start of a downward path.

Retail prices increased at an annual rate of 8.3 per cent last month, fractionally lower than the 8.3 per cent in June, the Central Statistical Office said yesterday. That was the first fall since January last year when inflation was running at 23 per cent.

The figures backed claims by Mr Nigel Lawson, Chancellor of the Exchequer, that inflation may have peaked. In coming months, last year's rises in mortgage rates, which pushed the retail price index (RPI) sharply higher, will start to drop out of year-on-year comparisons.

Growth has slowed in retail sales, factory-gate prices, manufacturing output and earnings.

City analysts widely expect inflation to fall well below 8 per cent a year this month with some forecasting a rate as low as 7.8 per cent. By the end of the year, many predict inflation could be around 6% per cent.

Between June and July the retail price index increased by 0.1 per cent. Rises in non-seasonal foods and housing costs were offset by falls in seasonal foods and price reductions for clothing and footwear.

The CSO said hot weather had had no apparent effect on prices.

In the same months last year there was also a rise of 0.1 per cent, which would suggest the annual rate in July should have been unchanged. However it fell because of rounding by government statisticians.

Excluding mortgage interest payments, the annual rate of inflation fell from 5.9 per cent to 5.8 per cent in July.

However, the measures of the change in gross income needed for taxpayers to maintain their purchasing power, saw a rise from 8.4 per cent to 8.5 per cent.

Between June and July the index increased by 1.1 per cent, largely because of a 1% per cent rise in mortgage rates. Assuming prices rise at a slower rate this August, the annual inflation rate must fall.

The all-items retail price index stood at 115.5 in July compared with 115.4 in June. The tax and price index rose to 111.1 from 111.9.

UK economy, Page 6; Money Markets, Page 11; Government bonds, Page 15; Lex, Page 22

DTI to probe Eagle Trust

By Philip Coggan

THE Department of Trade and Industry has been called in to investigate the affairs of Eagle Trust, the Midlands-based mini-conglomerate, following the discovery that about £13.5m cannot be accounted for by the group's auditors.

It is understood that the board decided unanimously on Thursday to ask the DTI to investigate. The department stuck to its normal line of not commenting on individual company's affairs yesterday.

The investigation follows the demise of Eagle Express (formerly Connect), the parcel distribution group, which had debts of more than £33m when it was put into liquidation last month. The DTI will doubtless look into the question of what happened to investments made by Eagle in Connect and Laforza, an automotive company. The 1987 accounts reveal a £14.9m loan made to a company which subsequently became a wholly-owned subsidiary, listed in other investments. That company is understood to be Connect: the accounts say that "there are no formal arrangements in force regarding payment of interest or capital".

Other Eagle subsidiaries in difficulty include MCP Building Supplies, where administrators have been appointed, and Eagle Computers, a small company which worked for other Eagle subsidiaries which is being looked at by insolvency practitioners.

A former Eagle subsidiary called Landsaver, a company making hydroponic grass-growing machines, has been wound up under the Insolvency Act. Landsaver and MCP Building Supplies were two of the main businesses of MCP, a company owned by Mr John Ferriday and one of the three companies that formed Eagle Trust in a merger in March 1987.

Landsaver was described in the merger's offer document as having Japanese orders worth £22m over the next four years. These orders did not materialise and the company plunged into financial difficulties - Eagle swapped it for 10 per cent of a racecourse development company in 1988.

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Continued on Page 22



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Finance

All you need to know about Personal Equity Plans

Page II

Diversions

Simon Vail continues his mountain-climbing exploits

Page XV

Rebecca Stephens reports on the attempt to scale the unclimbed north-east ridge of Everest

Page XVI

Plus: Just what does go on at an Acid House Party?

Page XVIII

Survey

Two pages on courses and careers

Pages VII-IX

Arts

The Edinburgh Festival: fringe round-up

Page XIX

Property

The unloved face of timeshare

Page X

EXECUTION-ONLY STOCKBROKING

WHY PAY OVER £50 FOR A SHARE DEAL UNDER £20,000?

£ 5,000	£ 62	£50
£10,000	£ 95	£50
£15,000	£123	£50
£20,000	£144	£50</

OVERSEAS NEWS

Japanese chip makers accept EC peace terms

By Robert Thomson in Tokyo

JAPANESE semi-conductor makers have reluctantly signed agreements with the European Commission to set a minimum price for dynamic random access memory chips (DRAMs) thereby ending a long-running dumping dispute.

Eleven chip producers have signed the five-year agreements and are awaiting final approval from the Commission, which is considered in Tokyo to be a mere formality, given the Japanese makers believe the EC has won the concessions that it demanded.

The agreement is likely to spark protests from European computer and electronic equipment manufacturers, who face the prospect of rising costs for these critical components.

The individual agreements signed by the companies in the past week set a floor price at around 9 per cent above production cost of the DRAMs, and are a sign of the increased willingness of governments to manage the chip trade to avoid international friction.

Under the broader 1986 US-Japan Semiconductor agreement, minimum prices were set according to production costs in individual Japanese countries.

Under the EC agreements, the floor price will be the same for all manufacturers, and the pacts cover the popular 256k and 1 megabit chips, as well as the next generations of 4 and 16 megabit devices.

The makers include NEC, estimated to have about 12 per cent of the EC chip market, Hitachi (9.9 per cent) and Toshiba (8.2 per cent), all of whom were among six compa-

nies named in an anti-dumping suit filed in March 1987.

As well, five companies not cited by the EC, including Matsushita Electronics and Sanyo Electric, have signed agreements. Government officials in Tokyo estimate the overall Japanese share of the EC market at 47 per cent.

An official at one of the companies involved said that the agreement is "outside the free trade system because of the price controls". Therefore, "we have to think that it is not a good thing." But he said that the company "had to agree" if it was to end the anti-dumping threat.

Another official in the industry said: "We were not happy from the beginning of this problem, so you cannot say we are pleased with the agreement". The Japanese semi-conductor industry, he said, "is only relieved that the problem is finished".

The EC has viewed this pact as quite different in nature to the US-Japan agreement, in that while the individual agreements are technically a bilateral pact, they are more limited.

Japanese chip producers said the floor prices are based on the Fair Market Value (FMV) system used in the US agreement, though present market prices are above the levels of 1986, when the industry was in recession.

The US-Japan agreement was challenged by the EC through the General Agreement on Tariffs and Trade. But the legality of the new EC agreement may also be met by a call for Gatt action.

China fears prompt fall in HK stocks

By Michael Murray in Hong Kong

THE Hong Kong stock market yesterday once again showed its acute sensitivity to political uncertainty in China, as share prices fell sharply after reports that China's Defence Minister, Qin Jiwei, had been led away by troops loyal to President Yang Shangkun.

The Hang Seng index fell by over 100 points in early trading, with nerves stretched by the prospect of yet more instability within the Chinese leadership as the power struggle continues in the wake of the June 4 military crackdown.

China's Defence Ministry denied a Western news agency report that Defence Minister Qin Jiwei had been arrested. "It's pure rumour-mongering," a ministry official said. Qin was not under arrest, added the official, who gave her name only as Li. As reports came through later in the morning of the official denial investors bought back into the market.

The agency had said in a report from Hong Kong that Qin was seized at his Peking residence on Wednesday evening as a result of a struggle with Yang for control of Chi-

na's military.

Officials in Peking have moved to dampen Hong Kong's hopes of a radical speeding-up of the development of democracy in the territory, telling a visiting consultative committee delegation that China does not envisage drastic revisions to the existing draft of the Basic Law in the crucial area of post-1997 political structures.

China also yesterday underlined its sensitivity on the Basic Law issue, launching an attack on Mr Barry Wiggin, the Hong Kong Government's Secretary for General Duties, over a speech made earlier in the week.

In this, he mapped out areas of concern in the drafting process, including the future political system and the standing of the People's Liberation Army in the territory.

Mr Wiggin's speech was yesterday condemned by the New China News Agency as "gross interference" in the Basic Law - which it said was a matter for the Chinese Government in consultation with the people of Hong Kong.

Environment 'will be top 1990s issue in Sweden'

By Robert Taylor in Stockholm

THE struggle for a better environment is the most important issue Sweden faces, one taking priority over living standards in the 1990s, according to ruling Social Democratic party's proposed programme for the next decade published yesterday.

The document outlined what Europe's most successful labour movement regards as the vital questions for the 1990s.

It challenges the country's current energy policy, under which the government will phase out nuclear energy between the years 1995 and 2010. This will involve the closure of two out of Sweden's

12 nuclear power stations.

It argues that the country's short-term energy policies contain incompatible objectives:

By Lionel Barber in Washington

US consumer prices rose a modest 0.2 per cent in July, taking the annual inflation rate to 5.5 per cent over the past seven months, the Labour Department said yesterday.

The White House applauded the news as evidence that inflation was falling, and said it would ease upward pressure on interest rates.

The administration's comments signalled further official pressure on the Federal Reserve ahead of next week's meeting of the Federal Open

Market committee, which must decide whether to ease credit in a sluggish economy.

The July increase in the Consumer Price Index (CPI), the broadest gauge of inflation, matched the 0.2 rise in June. But some analysts suggested that while inflation is being held in check, it has not been beaten.

Stripping out the often volatile energy and food costs, prices rose 0.4 per cent in July. "On the surface, the CPI inflation looks very encouraging,

and reveals a distinct moderation from previous reports. But there are some troubling elements," said Mr Allen Sinai, chief economist at Boston Company Advisors.

If successful, the talks could

be a significant step towards peace in Ethiopia.

The rebel Eritrean People's Liberation Front (EPLF) realises the war has ground to a stalemate, with 160,000 Ethiopian troops holed up in well-fortified garrison towns in Eritrea. And, after 28 years, the Eritrean people are among Africa's poorest.

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be a significant step towards peace in Ethiopia.

The government has offered Eritrean autonomy, a solution which falls far short of the EPLF's nationalist sentiments.

Between these two bitterly

divided positions lies the compromise of federation, with Eritrea having substantial executive powers. To accept this would involve a significant climbdown by both sides.

Mr Carter will need all the skills and experience drawn from the Camp David accord if he is to succeed.

A factory spokesman said

police charged a crowd of 450 workers after shop stewards became "agitated" in their discussions with management.

"Shots were fired with shot-guns," police said. They said four people were injured, while the company put the figure at 17 or more. Some had buckshot wounds.

Further confrontation

appeared possible following the arrest of Mr Mohammed Valli Moosa, acting general secretary of the United Democratic Front, an umbrella anti-apartheid organisation which this year had its activities restricted under the country's state of emergency.

Mr Valli was made redundant to have been arrested under emergency regulations introduced three years ago to crush black dissent.

Mr Valli was the chief

organiser of the anti-apartheid defiance campaign which has organised several protest actions in recent weeks.

Anti-apartheid groups in

South Africa must in future disclose the source and purpose of all money they receive from abroad, Justice Minister Kobus Coetzer said yesterday.

Reuter reports from Cape Town.

Mr Ratra claims that Sialkot, with

more than 700 sports goods factories,

earns \$60m (£37.5m) in foreign exchange a year.

Every day, fleets of Suzuki vans

The day communism surrendered power



THURSDAY, August 17 may in future be seen as the day Polish communism finally renounced its hold on executive power - with incalculable consequences for its sister parties across the world, writes John Lloyd in Warsaw. That is certainly how it is seen by the Solidarity leadership, and that perspective gave the front page editorial in yesterday's Solidarity daily, *Gazeta Wyborcza*, a particular resonance. The editorial, most of which is reproduced below, was written by the editor, Ernest Skalski:

"Now we finally agree to a grand coalition, but without giving up our basic, fundamental philosophy. The leading force in this government will not be the PWP - from

Party (communist) will handle

the ministries of defence and the interior. Perhaps others. It is a result of the opposition's understanding and willingness to compromise."

"In the original proposal Lech Wałęsa expressed readiness to form the whole government by Solidarity. In the second version he wanted to create a government with United Peasant Party, and Democratic Party without the communists."

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today this role will be taken over by Solidarity."

"What for many days seemed an impossible political fantasy for Wałęsa turned out to be a perfectly conducted political manoeuvre."

"As proof that this day is more than just the re-arrangement of forces in politics, we can point to the result of the vote in the Sejm (Parliament) - a vote condemning the intervention in Czechoslovakia 21 years ago. Practically all

the members of the party bearing historic responsibility for participation of Poland in this action voted for the statement. A similar statement from Hungary brings a new quality into

relationships of countries which can no longer be called

the communist bloc."

"Such breakthroughs begin more than ever end. The closing of a certain historical period is less important than the shape of the one which we must now create. It is important that what Lech Wałęsa called a few days ago, the 'deep reform', will now take place. At present there are great opportunities that it will be a beginning of a fundamental change of the political system and only under such conditions does this historical undertaking make sense."

(Translation: Nina Kowalewska)

"It seems almost certain that in this (coalition) government, the Polish United Workers

Party (communist) will handle

the ministries of defence and the interior. Perhaps others. It is a result of the opposition's understanding and willingness to compromise."

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UK NEWS

Canadian group plans recycled newsprint plant

By James Buxton, Scottish Correspondent

ABITIBI-PRICE, the Canadian paper manufacturer, hopes shortly to go ahead with construction of a large newsprint plant at Garthcosh, near Glasgow, which will use recycled newsprint as its main raw material.

Yesterday Abitibi-Price said it had reached agreement giving it exclusive rights to take over the project from North British Newsprint, a Scottish company which had developed the scheme.

The Canadian company plans to make newsprint for the UK market at Garthcosh and wants to complete negotiations with "several potential partners" in the next two months. These partners, who would take equity in the project, are thought to include UK newspaper publishers with Canadian connections.

Abitibi said that going ahead with the scheme also depended on obtaining UK government assistance, getting final regulatory approvals, finalising the finance for the project and securing the approval of the boards of both Abitibi and North British Newsprint.

The project, which will cost £180m, is to install a mill with an annual capacity of 205,000 tonnes of newsprint a year. It should directly employ 240 workers and a further 100 in waste paper collection.

Construction, which will take about two years, should begin some months after final agreement is reached and the plant should be on stream early in 1992, Abitibi says.

The factory will be the one of the largest newsprint plants in the world designed from scratch to consume recycled waste paper. It represents Abitibi's first venture in manufacturing in Europe, although the company - the second biggest newsprint producer in the world - is already an important supplier in the UK.

Mr Liam Macdonald, executive vice-president, said: "This exciting project will help us further our position in the UK, one of the world's most important newsprint markets."

There is speculation that Abitibi's potential partners in the venture include the Thomson Organisation and Hollinger.

C&G and Bedford societies to merge

By David Barchard

CHELTENHAM & Gloucester, the eighth largest building society with assets of £56bn, is to absorb Bedford Building Society in a merger. Bedford is a one-branch society with assets of only £46m and £5,500 investors.

The merger is the first to be announced since Abitibi National's stock market flotation last month. It will be a test case for the industry where mergers have been common until recently and have gone through without opposition from members.

The Cheltenham & Gloucester executive director, Mr Peter Foden, said: "We are a local lender with a strong emphasis on quality lending, and over the last five years we have lost some of our main sources of mortgage business such as estate agents."

However many building society executives believe that the Abitibi National flotation may have made mergers between societies much less easy.

Though members of a smaller society gain some advantages from joining a larger society, such as a better interest rate, these are insignificant compared with the cash hand-outs they would get if their society was de-nationalised and taken over by a larger one.

The Abitibi flotation vote indicated that the steep voting requirements for this - 50 per cent turnout and 75 per cent in favour - can be met easily. However, a members' revolt at Bedford looks unlikely because of its small size.

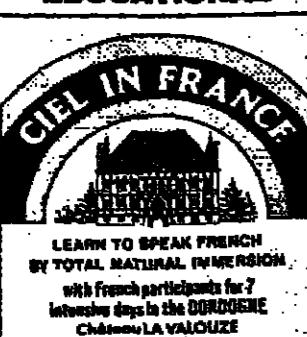
Mr Gary Payne, the chief executive of Bedford, said yesterday: "We are a local lender with a strong emphasis on quality lending, and over the last five years we have lost some of our main sources of mortgage business such as estate agents."

"Building societies can be acquired by commercial companies, but I would not have thought that we were of sufficient size to appeal to any," he added.

Bank will buy back gifts in the autumn

THE BANK of England said last night that its next "reverse auction" to buy back gilt-edged government securities was likely to be held in late September or early October, writes Peter Norman. A further reverse auction may be held in the new year.

EDUCATIONAL



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Growth in money supply slackens

By Peter Norman, Economics Correspondent

THE TWO main measures of UK money supply grew more slowly in July, adding to the credibility of other indicators that showed the economy to be slowing down.

MO, the narrow money supply measure consisting almost entirely of notes and coin in circulation, grew by a seasonally-adjusted 0.8 per cent last month and by 5.3 per cent compared with July 1988, according to provisional figures from the Bank of England. This compared with seasonally-adjusted increases of 0.7 per cent and 5.9 per cent in June. The unadjusted increase between June and July was 1.9 per cent.

M4, which includes bank and building society deposits, increased by a seasonally-adjusted 1.6 per cent in July and by 17.1 per cent compared with July last year. In June, the seasonally-adjusted increases for M4 were 2.4 per cent and 18.2 per cent respectively.

The unadjusted increase between June and July was 0.9 per cent.

The Bank disclosed that bank and building society lending grew by a seasonally-adjusted 26.9m in July, compared with 27.2m in June and a 27.0m monthly average over the previous six months. The lending increase was, however, higher than the £6.5bn average of City forecasts.

With the latest figures, growth of M0 has fallen to its lowest annual rate since February 1988 and has come close to the Government's target range of 1 per cent to 5 per cent for the current financial year.

However, a sharp 9.5 per cent increase in the seasonally-adjusted annual rate of M0 during the three months to July suggests that the period of decelerating growth rates may be coming to an end. Bank officials could offer an explanation for this increase in the three-month figure, noting only that this series is erratic and as recently as March was indicating a contraction in the supply of narrow money.

A separate statement from the Committee of London and Scottish Bankers yesterday showed that the clearing bank lending to the private sector in Britain increased by a seasonally-adjusted £23m in July compared with £16m in June.

The CIBS said the bulk of the lending continued to be to companies and may have reflected corporate tax paying.

Personal borrowing was weak. Lending by the banks for house purchase increased by an unadjusted £213m to show the lowest monthly rise since data was first published in October 1986.

Growth in lending for private consumption also fell to an unadjusted £42m.

Since then, Mr Peter Foden, ERF's chairman, has con-

Lloyds 'close to resolution' of Abbey National share claims

By David Barchard

LLOYDS BANK said yesterday that it is close to resolving all outstanding claims surrounding the Abbey National share issue.

It also promised to pay compensation to Abbey National shareholders who received their certificates late. The compensation will include interest on refund cheques and any costs on funds borrowed temporarily to buy the shares, as well as out of pocket expenses on telephone calls and letters.

Abbey National has also agreed to open special accounts backlog to July 12 for some missing refund cheques. More than 460,000 replacement share certificates have so far been mailed to Abbey National shareholders who should have received them on about July 12.

Mr Alan Moore, Lloyds director of corporate banking, said yesterday that 500,000 out of a total mailing of 4.3m share certificates and related documents had gone astray. Some of the missing certificates are believed to have been burned in two skips outside the premises of

and resolve the problem." He said that Lloyds Bank would await the outcome of the police inquiry into the burning of the certificates.

Lloyds has not responded to a request from Business Mail Services to publish an apology for statements about the burning of the share certificates. Solicitors acting for Business Mail Services have also served writs on various national newspapers, alleging defamation. The Financial Times has received a writ relating to an advertisement.

Mr Moore defended two teams of investigators from Lloyds Banks who tried between July 15 and July 25 to discover where the missing certificates had gone.

The Post Office said yesterday it was satisfied that its system of issuing dockets and sample - checking that mail had actually been received - was satisfactory.

It said: "We have handled several major flotations in the past with no problems. We will have to await the outcome of the police investigation for more information."

ERF cuts production and 65 jobs ahead of truck market downturn

By John Griffiths

ERF, the independent truck maker, is cutting production and shedding 65 of its 1,100 workers in response to early signs that the UK truck market is approaching a downturn.

Mr Cyril Acton, managing director of the Cheshire-based company, described ERF's move as "no great shakes" - it's a slight adjustment to take account of a downturn for which we had budgeted at the start of the year and have been preparing for since March.

ERF was brought to the brink of bankruptcy by the world truck market recession at the start of the 1980s, when its workforce was halved to 600 and production was reduced.

Its sales in July were also up, to 227 from 189 in the same month a year ago. However it was the 3.5 per cent drop in the July market, plus a discernible tailing-off in orders, which prompted the cuts.

ERF is continuing to make rapid adjustments to reduce overheads in the event of adverse market change.

ERF appears to be the first UK-based truck maker to take such corrective action, even though its share of UK truck sales is continuing to rise.

ERF's 2,568 sales in the first seven months of this year represented a rise of 25.7 per cent over the same period last year, whereas the market overall rose by only 9.8 per cent.

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UK NEWS - RETAIL SALES

Last doubts vanish about strength of squeeze

WHEN HARRODS, one of London's priciest stores, starts scrabbling for customers' small change, any last doubts over the effectiveness of the Chancellor's squeeze must vanish.

The strain started to show last weekend, when the Knightsbridge monolith showed 15 senior executives the door.

By Thursday, it was trying to pull in the masses with full-page newspaper advertisements promoting cheap Bateman ephemera.

This has been an eventful week for companies dependent on consumer markets, with several pointers to shrinking consumer spending. The effects of the squeeze were confirmed by Monday's official figures for July, showing retail sales volume 0.6 per cent less than in June.

This underpinned the findings of last weekend's Confederation of British Industry/Financial Times survey of retailers' performance and compounded the gloom evident

A long period of rapid growth in retail sales has come to an end. In the last four years, volume has grown by almost 6 per cent a year, but figures this week showed that sales were virtually no higher in July than a year ago.

FT writers examine the implications of the new trading climate for shops and manufacturers. Reports by Paul Cheshire, Christopher Parkes, Alice Rawsthorn and Maggie Urry

in the trade's forecasts for August, which were the most pessimistic since the survey began in 1983.

In the past few days, MFI and Lowndes Queensway, the leading furniture retailers, have both undergone difficult refinancing operations forced on them by trading conditions which strained their capacity to service their debts.

Savage Group, a prominent distributor of Do-it-yourself products, warned of profits for the year just ended "only slightly higher" than the previous 12 months and feared the sluggishness would continue.

There is more bad news to come. Redundancies are expected next week in the domestic appliances industry, where vol-

ume sales are down by at least 10 per cent and profits by as much as 20 per cent.

None of the leading appliance companies contacted this week expected any improvement for at least 12 months, although a good old-fashioned British winter might do something for heater sales.

While the summer continues, however, electric fires and winter fashions are still far from people's minds. While the squeeze goes on, people are increasingly likely to put up with last year's overcoat and allow their old washing machine to wobble on for yet another season.

The appliances industry is peculiarly sensitive to changes in the economic climate. It was

the first to feel the pressure after the first of the current series of interest rate increases in June last year. Sales started tailing off after about three months, and lay-offs and short-time working started around Christmas.

Furniture and carpet sales were next to be hit. Spring sales failed to materialise when the traditional peak selling season coincided with increases in mortgage repayments and confirmation that the housing market was in recession.

Until recently, most of the pain was felt in markets for high-priced consumer goods in areas of high home ownership, where rising mortgage repayments were most sharply felt. Latest figures, for example, from the electricity boards show last year's turnover and operating profits from appliance sales and service down 3 per cent and 68 per cent respectively in London. In the north-west, meanwhile, sales were up 8.5 per cent and profits 22 per cent higher.

Shop rents continue to rise despite uncertainty

Hoover to shed jobs as shrinking demand hits the high street

HOOVER, one of Britain's leading appliance makers, is expected to announce a round of job losses and restructuring next week as it strives to cope with shrinking demand.

Landlords' expectations have been reduced, vacant premises are not filled as effortlessly as they might have been two years ago and efforts to cut consumer spending have spread uncertainty in a market which had seen steady growth since 1983.

However, industry indices show rents continuing to rise. Muller Parker, the chartered surveyor, recorded a 1.6 per cent increase in the year to May, based on evidence from the market place. The Investment Property Databank recorded a 1.6 per cent increase in the year to last June, based on the performance of institutional property portfolios.

Evidence from the high street suggests some of the market's recent excesses have faded away. The Rain, for example, reports that it is less common now to pay a premium over the rent to obtain premises. In fashion hotspots such as South Molton Street in London's West End, there have been cases of leaseholders paying new tenants to take the premises.

It was significant that when Whiteleys, arguably the most lavish retailing development in London, had a delayed opening last month, it still had shop units available and the owners had taken the decision to devote part of the building to shops, but to offices.

It has become clear that the retailers are less likely to push rents upwards in their chase for space. Rather they appear to be consolidating, making some slowdown in the retail property market inevitable.

Total returns to investors in retail property over the last 12 months have been less than for investors in offices or industrial property. The industry believes retail property returns will remain high. The retailers most immune are those selling low-price goods such as toiletries and magazines. Even some jewellery has become a low-price item, thanks largely to Mr Gerald Ratner, who can still report sales gains.



Philip Green: authorised only essential expenditure payments. Since retailers keep relatively small stocks, it took little more than a month for the impact to hit manufacturers' order books.

Mr Martin Jourdan, the chairman of Cornwell Parker, one of the larger furniture manufacturers, said interest rates were biting harder than companies originally expected.

Cornwell Parker, which specialises in the middle-to-upper market, has been less vulnerable to the drop in sales than mass-market manufacturers.

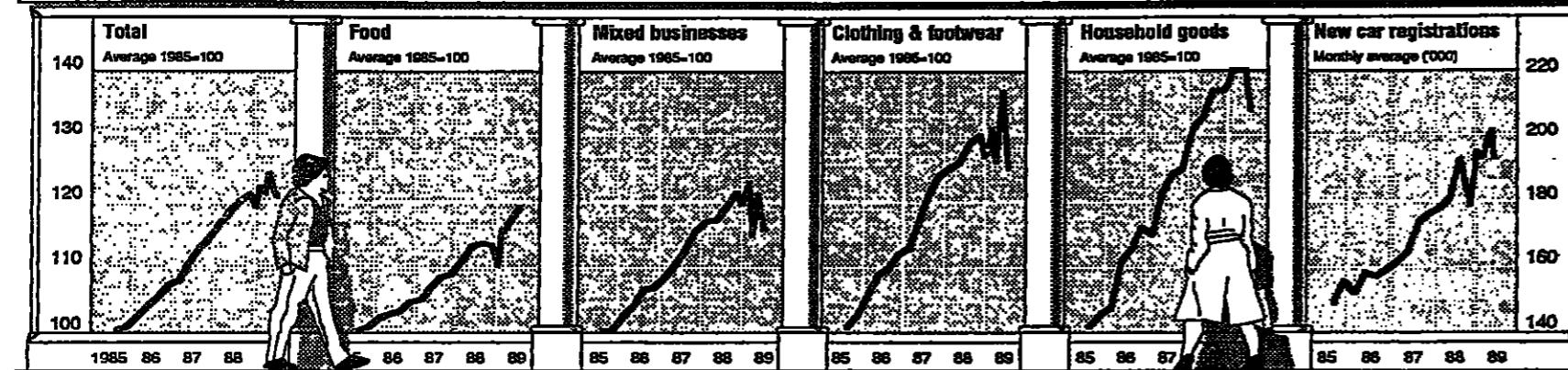
The weakest part of the car-pet industry is the cheap tufted sector, where sales are running at 20 per cent lower than at the same time last year. The most vulnerable furniture companies are those concentrating on cheaper products, with wooden furniture makers suffering more than those making upholstered products.

Mr David Freeland, the British Furniture Manufacturers' Federation's director, said there had been bouts of short-time working throughout the industry since the spring.

Other companies are pruning investment to control costs. Coloroll, which makes almost every household product from carpets to crockery, has been reducing investment.

Mr Philip Green, Coloroll's chief executive, said it had authorised only essential capital expenditure for the last three months and had postponed all other projects. Newly-approved expenditure is running at roughly a third of the £20m that Coloroll spent last year.

UK retail sales Volume per week



Realistic tone emerges ahead of more profit falls

THE SLOWDOWN in sales, combined with the inexorable rise in costs, is putting a nutcracker-like squeeze on retailers' profit margins.

The trade's characteristic optimism has been dented, and a more realistic tone is emerging. The handful of profit falls seen during the spring results season - from the likes of Next, Storehouse and Dixons - is expected to grow in the autumn round.

Those worst affected are stores selling goods related to the housing market. People

tend to buy their new furniture and carpets, televisions and washing machines, wallpaper and paint; when they move house. The hope that people, if they did not move, would beautify their existing home instead has turned out to be a case of over-optimism.

The trading difficulties at MFI Furniture and Lowndes Queensway show how badly things can go wrong. Marks and Spencer admits that its own furniture sales have turned down. Figures from the John Lewis department stores

show that it too is suffering. Do-it-yourself stores are under similar pressure. Fierce competition is breaking out, to the extent that B&Q, the market leader, is placing advertisements listing its own and its rivals' prices on a range of items... naturally B&Q prices are the lowest.

Among electrical goods retailers, sales of white goods are sharply down, and brown goods are fairing poorly. Only video camcorders are showing strong gains as the new product begins to fall in price. Photo-

graphic businesses are also doing well.

That may have something to do with the hot weather, which many of the big-ticket item retailers have seen as the last straw. "Who wants to go shopping in a store without air-conditioning?" asks one.

The summer weather encourages barbecues and picnics and has helped to keep food retailers cheerful. The weather has been a boon as well to those selling T-shirts, Bermuda shorts, and training shoes. Some women's fashion

shops, such as Richards, are having a much better year than last.

Menswear and footwear sales are duller. A man's suit is regarded as a purchase which can be put off for much longer than a woman's dress, and usually costs a great deal more.

The summer's most immune are those selling low-price goods such as toiletries and magazines. Even some jewellery has become a low-price item, thanks largely to Mr Gerald Ratner, who can still report sales gains.

It is alleged that the stewardess pocketed the proceeds from selling drinks to economy class passengers which are free in club class.

But the strike represents much more than that. It is a clash between the new British Airways corporate culture of human-resource management and customer service, and the TGWU's traditional culture of collective solidarity.

The dispute will test the credibility of both the company and the union.

The company believes that in the last few years it has transformed the role of cabin staff to fit the highly professional face of the company.

It has attempted to incorporate cabin staff into a new corporate image of providing better customer service. The strike may cast some doubt on how successful it has been.

It is an equally sharp test for the troubled union. Cabin staff are among the most professional and upwardly mobile members of a union mainly made up of semi-skilled workers in traditional manufacturing industries and the public sector.

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The First Global Gas Company

Extracts from an address by Robert Evans, CBE, Chairman and Chief Executive of British Gas plc, to the 1989 Annual General Meeting.

It is fashionable at some annual general meetings for the Chairman to make the point that the company belongs to its shareholders by describing it as *your company*. I shall not be doing that. I shall instead be saying *our company*. After all the Directors are shareholders too and so are almost all the employees of British Gas. Many of us have spent our entire working lives in the business.

I see it as very much a company that belongs to all of us. Certainly the Board do not see their job as just a professional one – merely as stewards of the owners' business. We all have a fierce and very personal loyalty to it.

In your study of the annual report, and perhaps from the newspapers and our advertising, most of you will be aware that a number of themes about our company are beginning to emerge.

The themes cover our commitments as a company – to our customers; to the community as a whole; to engineering excellence; to the environment; and of course to our own successful long-term future. But first I want to comment on the results of last year.

Last year set a test, which British Gas passed with flying colours. The experts at the Met. Office tell us that it was the warmest winter for well over hundred years. Under the circumstances, you might have expected a bigger fall in gas sales than was experienced. In fact, the underlying trend was for continuing growth.

We added an extra 350,000 customers during the year – which shows that gas's popularity, as Britain's favourite fuel, continues undiminished. More and more people are choosing gas for central heating. Another 600,000 gas central heating systems were installed.

Last year, we had to contend with volatility in the price of oil, our major competitor in business markets. But there were encouraging signs of underlying growth.

The gas business is still expanding, and we are still managing to improve efficiency and increase productivity. With more customers, we are giving high standards of service, with fewer employees. We are making the most of new technology to reduce those costs which we directly control; and we are achieving real reductions, from which customers benefit. Over our first two years as a privatized company, gas tariffs actually went down by 9 per cent in real terms.

Shareholders are benefiting too. Last year the current cost profit attributable to shareholders

went up by 9 per cent to £620 million. The Board is recommending a total dividend of 9p per share – an increase of 12½ per cent on the previous year. I hope you will agree with me that this is a very satisfactory result.

Banishing Gripe

Turning now to the future brings me to the first of the themes I spoke about at the beginning of this speech – our commitment to our customers. We shall not maintain our existing business, let alone achieve the expansion we are aiming for, unless we satisfy our customers. We operate in highly competitive markets with constantly rising expectations from customers. So we cannot stand still.

Gas is a first-class product and it is highly competitive in price. Add to that a back-up service of proven high quality and you have an unbeatable combination. I am determined, as are all the other members of the Board, to go on improving the service we provide until it becomes a by-word for quality....

A continuing and widely perceived improvement in our service to customers is one of our prime goals.

Boosting Growth

That will help greatly in taking advantage of the opportunities for growth to be found in our traditional markets. There are still more customers to add – over 2 million homes within the gas supply area are not gas customers, and 4½ million homes are without central heating.

In the contract market, other gas suppliers may emerge. We are not afraid of competition – we have always had to compete with electricity, oil and coal. Gas competition is likely to be limited until the early 1990s. Much of it may take place in gas-fired power generation, stimulated by the privatisation of electricity. We intend to gain a significant proportion of this new market, and even where we do not supply the gas, we will still gain by carrying other suppliers' gas through our pipelines.

So there are good reasons for seeing a bright outlook for the gas supply business. However, it cannot grow indefinitely. In each of the markets in which we operate, we already have the largest market share. So we will need to expand away from this business if we are to maintain earnings growth in the longer term.

We are looking for opportunities to widen the base of our business away from just selling one product in one country. We want to develop

additional businesses, which could grow to become as important as our current core business of gas supply.

Burning Greener

The current concern throughout the world for the environment gives us a considerable opportunity. Gas is among the greenest of fuels. In this country, natural gas has played a major role in ridding the air of the sulphurous fogs which were so much part of the foreigner's image of our country. Hardly anyone burns coal any more – most people have a gas fire or gas central heating, perhaps both. The result is cleaner, purer air for everyone.

With the growing availability of natural gas, many more countries can benefit in the way we have. What some of them lack is the know-how to develop their own gas industries or to establish one for the first time. As the largest fully integrated gas business in the western world and with our leadership in many aspects of gas technology, British Gas is well-placed to develop as the world's first global gas business.

That means building on the many years of hard work of our International Consultancy Service to create and operate gas transmission and distribution businesses ourselves. This is a long term prospect – if you like, my personal vision of where I believe we shall go – and I believe British Gas could do this better than any other company.

I should not like you to think that our interest in the environment is purely because of the business opportunity it represents for us. That is very far from the case. We take our responsibilities, as a good citizen should, very seriously.

Our operational sites for the national transmission system, for example, are sited and designed with great sensitivity and after much consultation locally and with concerned environmentalists. The result has been that we can all take pride in British Gas being not just winners of awards – as we are regularly – but in being good neighbours.

Behaving Generously

The resources of investment and of people that the company needs to run its affairs are of course drawn from the community. What we put back is primarily a valuable gas service. But increasingly society expects more than that from our business. We are happy to play our part – on behalf of our shareholders and employees – and we have now built a programme of involvement in

communities throughout the country.

We are involved in youth programmes, education, inner city work and a great deal more.

From personal experience I can tell you how much this work is appreciated by the people directly affected and by those who are concerned with the well-being of the many and varied communities which make up our nation. British Gas is earning immense good-will which is of course very good for business.

Backing Gumption

A large part of our community programme concerns education – at all levels from primary schools to university.

We can help education because we are knowledgeable about the application of science to industry, and that is why much of our effort has gone into providing materials for teaching science and technology. Our business is primarily an engineering one and of course science and technology are the foundation for engineering. Unless a sufficient number of properly qualified scientists and engineers are produced by our education system then British Gas will be in difficulty in the future. We shall also be in difficulty more fundamentally because without sufficient engineers, scientists and technologists, our nation will lose its way in the industrial world. Apart from any other consideration British Gas relies on a healthy economy for its own prosperity and that of its customers.

I believe passionately that we as a nation must acknowledge the importance of science and engineering, of manufacturing and of industry to our future prosperity – and act accordingly.

Support for engineering, customer care, community involvement and the environment, as well as being connected with each other, are intimately linked with the future of our business. If we are to grow in our existing markets and continue to expand and develop, we must meet objectives in all these areas.

In conclusion, let me return to my vision of British Gas as a global gas business. The world has very large reserves of natural gas, and new discoveries are still being made. Over the last 20 years, although world gas consumption has doubled, proven reserves have trebled.

I have every confidence that our company has the vision, the resources, the structure, the talents and the dedication to play a leading part in the development of the gas industry world-wide.

Thank you for your attention.

British Gas

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The green revolution

IF AN ENTIRE forest were logged and the revenues invested in a cement factory, national income would show a rise both because of the investment in the cement factory and because of the logging activities. Such accounting rules are perverse. What is really happening is that one productive asset, a forest, is being destroyed in order to create another, the cement factory. Income, defined to include usage of natural assets, would rise only if the cement factory's value exceeded that of the lost forest.

The example is taken from an official report on "sustainable development" commissioned from Professor David Pearce, an environmental economist at London University. The Pearce report was enthusiastically received this week by Mr Chris Patten, the new UK Environment Secretary, who said it was "very close to his own thinking". Mr Patten's interest in green issues – after decades of neglect by both political parties – is most welcome. But the sea-change in attitudes necessary if green economics are to be taken seriously may not be appreciated.

Pollution target

Parts of the Pearce analysis certainly correspond neatly with the present thrust of policy. One example is the use of market mechanisms to help achieve regulatory goals. Thus instead of stipulating that all companies meet a given pollution target, a certain number of marketable "pollution permits" could be issued. Companies which could only reduce their pollution at great expense would tend to buy permits from companies which could adjust more cheaply. The fixed number of permits would ensure that the overall level of pollution was unchanged; the difference (in theory) is that trading of permits would ensure the target was achieved at a lower cost.

But willingness to use the price mechanism as a tool for achieving certain social goals should not be allowed to obscure the philosophical gulf separating green economists from conventional advocates of the market system. The essence of the free market approach is that social welfare will be maximised if the fewest possible constraints are placed on individuals' ability to pursue their own self-interest.

Green economics directly challenges the legitimacy of this philosophy. The market system, to work efficiently, requires everything to have both an owner and a price. By and large, this is possible within the sphere of man-made assets. But it is not feasible for

a large class of "natural" assets. Nobody owns the atmosphere or the world's climate; at a more parochial level, while individuals can own certain buildings in London, only society as a whole can be said to own London's skyline.

Value to society

During the past two centuries, the pursuit of self-interest within a broadly unfettered market system has led to phenomenal growth of the man-made economy. But this has been at a cost: the indiscriminate exploitation of natural assets, which have been treated as "free goods" and therefore over-utilised. Thus while the cost of a factory will take account of the price of inputs such as labour and capital, it will tend not to reflect the full value to society of the landscape destroyed during construction. Further, pricing decisions rarely recognise that economic processes, while transforming matter, do not create or destroy it. Thus the full social cost of waste products is not factored into corporate decision-making, nor, during the productive stage, is account taken of the eventual costs of disposing of products once they become obsolescent.

If the green agenda were to be taken seriously, the present system of national accounts would have to be substantially amended. Gross domestic product measures the growth of man-made goods and services, but it does not record as a negative item the costs of anti-pollution measures, nor the long-term depreciation of the natural environment caused by production. Such adjustments would not be trivial. One estimate for Japan suggests that conventional measures, by failing to take account of environmental effects, overstate "growth" in recent decades by some 40 per cent.

Environmentalists such as Professor Pearce propose a radical reorientation of society's economic goals. Instead of promoting GDP growth, we should seek "sustainable development". This, he stresses, is a value-laden concept which has to take into account a vision of the "good society". It involves a substantially increased emphasis on natural and cultural environments, and greater concern about the impact of policies on future generations. Such ideals may dovetail with Mr Patten's "one nation" Toryism, but they are hard to square with the individualism at the heart of the Thatcher revolution. The problem is that while the pricing of man-made assets can be left to the market only society as a whole can decide what value to place on the environment.



Between inflation and recession

Peter Norman examines the state of the British economy as signs emerge of an economic slowdown

Property Group, the London Docklands housing developer, even the news that 15 executives will lose their jobs at Harrods, the Knightsbridge store – all these have taken some of the sparkle away from reports that demand for champagne in Britain is running at record levels.

Among fund managers and in the clearing banks, there are some who think that recent falls in demand and business optimism could be the prelude to sharp cutbacks in capital spending unless interest rates are eased this autumn. Even the Bank of England, which believes that continuing inflationary pressures are the major threat to hopes of a gradual cooling of the economy, has warned of the danger of a collapse in confidence hitting output and employment.

Such conflicting signals are typical of an economy in a state of change. And judging the present state of Britain is not made any easier because of the lags and unreliability of official statistics and the lofty growth levels of 1988 which preceded the slowdown.

In its latest quarterly bulletin, the Bank of England admits that, with hindsight, it should probably have tightened monetary policy more stringently last summer because the economy was growing faster and with greater inflationary pressures than it thought. The economy grew at an average rate of more than 4 per cent for 21 years, an unusually long period – to the end of 1988.

In 1988 itself, domestic demand grew at almost 2 per cent a quarter, pushing the current account of the balance of payments deeply into the red. It also brought tighter labour markets and production bottlenecks that added to the inherent inflationary bias in Britain's system of determining wages.

Against this background, Mr Lawson is probably well pleased with this week's economic data. July's 0.6 drop in retail sales, June's 0.7 per cent decline in manufacturing output and last month's 21,300 fall in the seasonally adjusted level of unemployment all told of a more pronounced slow-

down than anticipated in the consensus forecasts of the City. Underlying inflation indicators – the prices paid last month by industry for raw materials and fuel, the factory gate prices charged by manufacturers and June's average increase in earnings – were also all a fraction lower than expected.

The problem is that what may seem a desirable economic trend to the Treasury may alarm an entrepreneur into cutting investment and production. A rash of survey evidence in recent weeks suggests that the slowdown, having laid low the housing market and curbed the enthusiasm of consumers, is taking its toll of the retail trade and beginning to limit output and employment.

Retailers are glum about their sales than at any time in the six year history of the monthly retail trade survey produced by the Confederation of British Industry and the Financial Times. An earlier CBI survey found that confidence among manufacturers was at its lowest level for seven years.

This week, a poll of nearly 3,300 firms in the manufacturing and service sectors by the Association of British Chambers of Commerce concluded that there was now "no question" that "businesses are preparing for a harder landing than had previously been anticipated." According to the Bank of England, some small companies may already be experiencing liquidity problems because of increased borrowing costs.

It is in this uncertain climate that the economy is especially prone to vagaries in the stockbuilding cycle. Stocks already rose by a record £1.5bn in the final quarter of last year while the latest CBI surveys suggest that manufacturers and retailers have become increasingly concerned about a further stocks build up in recent months. Rising inventories of unsold goods could prompt cuts in output and investment.

However, nobody is expecting a repeat of 1980, when a heavy run down of stocks helped trigger Britain's deepest post war recession. Improved industrial relations and

computer control techniques mean that industry need carry far fewer stocks than previously, reducing the volatility of this component of gross domestic product.

In addition, industry should be in a far better position to weather an economic downturn than before despite problems in individual sectors such as textiles and the East Midlands shoe industry. Gross trading profits among industrial and commercial companies increased by just under a fifth last year. The real rate of return on capital employed stood at 11 per cent, its highest level for more than 20 years. The share of company profits in total GDP has increased by 3.5 percentage points since 1981.

Productivity in industry has also grown strongly. In manufacturing, output per man has increased at an annual rate of about 4.25 per cent

The Bank of England is worried about soaring unit labour costs in the private services sector

since 1980 compared with 1 per cent a year in the middle and late 1970s.

However, productivity is vulnerable to slower demand. With the corporate sector a net borrower for the second year running this year, higher interest rates will also mean tighter margins for many companies. The latest Chamber of Commerce report showed lower interest rates were the main wish of manufacturing and service companies.

In one respect, a margin squeeze is just what Mr Lawson has been looking for. It would make businesses more eager to resist inflationary pay settlements. Arguably, pay pressure in Britain remains the most important threat to the Chancellor's policy.

This summer's 3.8 per cent public sector wage increases have left Government ministers furious and warning of a renewed wage price spiral.

Although the public sector pay deals can be defended as representing "catch-up" payments for groups which fell behind the general level of wage increases, they contain the risk of triggering inflationary demands in the private sector pay round which gathers pace from next month. Whereas the Bank of England believes that manufacturing can cope with wage increases of up to 7 per cent through increased productivity, it is extremely worried about soaring unit labour costs in the private services sector.

The inflationary climate makes it all the more important for the Government to maintain a strong pound so that the currency acts as a bastion against imported price rises and deters companies from risking their international competitive edge through inflationary wage settlements.

But again Mr Lawson is not his own master. Although the Chancellor likes to say that Britain's £15bn annualised current account balance of payments deficit is a private sector problem, it poses a threat to sterling that contributes to his difficulties in maintaining a credible counter inflationary policy.

Bank of England intervention to support sterling this week was a reminder that the pound is vulnerable to speculative pressure. The main reason why the Bank of England and Treasury lifted bank base rates to 14 per cent in May was to bolster the pound.

Matters would be easier for Mr Lawson if the markets fully trusted him. But his failure to act swiftly against overheating last year means that he is ill placed to emulate Mr Alan Greenspan, the US Federal Reserve Board Chairman. Mr Greenspan successfully tightened US monetary policy last year in anticipation of rising inflationary pressures and as a reward has been able to begin easing the monetary reins on early signs of a slowdown.

For the moment Mr Lawson is probably best advised to sit tight. But he could be entering the most difficult period of his long Chancellorship. The annual increase in retail price inflation should fall slowly as last year's large mortgage rate increases drop out of the index. But a sterling crisis or higher wage pressures (or both) could force another base rate rise. That would inevitably push up mortgage rates, further crippling demand and fueling pressure for still higher wages. A mortgage rate rise is also possible without a base rate rise, should interest rates stay at present levels for a long time.

In happier days before the economy turned sour, the Chancellor used to be known as "Lucky Lawson". Despite his professed lack of interest in ensuring a "soft landing" for the economy, he must be hoping that some of that luck remains. If it doesn't, he will lose more than the use of Dorneywood.

MAN IN THE NEWS

Lech Walesa

A shrewd grasp for the substance of power

By John Lloyd



to take government wholly upon Solidarity's shoulders.

In the past two weeks, this

version in its turn changed to a coalition government with the Peasants and Democratic parties; then to a government which would include reformist-minded Communists. This finally sharpened itself to one which had Communist ministers in charge of at least the defence and interior portfolios (what secrets are nestling in these files, to delight or horrify a Solidarity radical, a Solidarity minister who opened the door of a sultry Warsaw evening?)

As one conception succeeded another, in at least one case taking his own deputies by surprise, it did indeed seem that Walesa had introduced an air of fantasy into the atmosphere. After all, was not General Czeslaw Kiszczak the duly con-

stituted Prime Minister endorsed by the Sejm (albeit narrowly, with plenty of arm-twisting)? Did not the Round Table accords specify that Solidarity would remain an opposition for four years?

For many people here, and not just Communists and their supporters, the notion of a Solidarity government is either absurd or fearful. Walesa, say the more delicate, cannot even spell. The Solidarity radicals, say the more nervous, have already promised to hang us from the lamp-posts (as indeed some did, back in 1981; the matter was made much of as a justification for martial law).

But the substance of power was melting into thin air, and Walesa seemed to be the most attuned to that fact. He is awkward, impulsive and contradic-

precise: it would have meant staying true to the ideals and practice of the Solidarity opposition. Now, it is impossible to know what it foreshadows.

Does it mean, as he has also suggested, that he wishes to concentrate on the trade union side of Solidarity – which many, including himself, fear will be submerged in all of this politicking? Does it mean he will hold himself in reserve to be president of Poland when the last Communist flag finally drops? Does it mean he will play a Gandhi or Khomeini-like role to the revolution for which he, more than any other, has had the great merit of vagueness; of holding open his options?

He has no illusions whatever about the task his government will face. Time and again, before as well as after the election, he has warned his fellow citizens that there are no political nostrums for the intractability of the Polish economic crisis. He knows the paucity of the human and material resources at the disposal of a Solidarity government. His religious devotion can border on the mystic; but his political sense has the harsh realism of a poor peasant's son who brought up his own large family in a tough shipbuilding town. He describes those conditions well in his autobiography, sales of the book enabled him to build a villa with many rooms, enough to receive a US president in last month.

Whatever else he does, Walesa will remain the holder of the Polish political ring for the foreseeable future. He has proved himself able to bear the pressures of being a world figure while remaining the people's Lech. Nothing better illustrates the geopolitical centrality of Poland than the fact that he should be consulted and wooed by Presidents Bush and Mitterrand, Prime Minister Thatcher, the Pope and, soon, no doubt, President Gorbachev. If Poland is the heart of Europe, Walesa is the heart of Poland. A heart with a mind of its own.

WARDWHITE

IMPORTANT NOTICE TO SHAREHOLDERS

Philip Birch, the Chairman of Ward White, yesterday wrote to shareholders

- confirming the Board's advice to shareholders
- sending them forms of withdrawal

To withdraw any acceptance of Boots' offer, shareholders should complete the relevant form of withdrawal immediately and return it to National Westminster Bank PLC, New Issues Department, P.O. Box 33, 153-157 Commercial Road, London E1 2DB.

If you are in any doubt as to how to complete the forms of withdrawal, please telephone Ward White on:

0933 624151

Copies of the letter from Philip Birch and of the forms of withdrawal can be obtained from S.G. Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PA, or by telephoning the above number.

This advertisement is published on behalf of Ward White Group plc and has been approved by S.G. Warburg & Co. Ltd, a member of The Securities Association, for the purpose of section 57 of the Financial Services Act 1986.

The Directors of Ward White accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

UK COMPANY NEWS

Final round of battle for Gateway ends with Panel approval Newgateway takes up Isosceles offer

By Nikki Tait

NEWGATEWAY, the US-backed bidder in the £2bn-plus bid battle over Gateway, Britain's third largest food retailer, yesterday finally agreed to accept the cash and paper terms offered by the winning rival bidder, the newly-formed Isosceles consortium.

Newgateway will accept cash of around £764m plus units (a mixture of ordinary and preference shares) in Isosceles in exchange for its 40 per cent holding in Gateway. This will give it around 26 per cent of the Isosceles equity.

Isosceles will then make an open offer of additional units to all shareholders (other than its original backers). Newgateway will subscribe for its full entitlement under the open offer, plus a few extra units, lifting its holding to 39.9 per cent of Isosceles. This subscription will cost it £23m-£30m.

Newgateway will get two

non-executive seats on Isosceles' board, but Isosceles will go ahead with its planned commercial strategy for Gateway.

The arrangement forms the final act in a lengthy struggle for control of the food retail group. Isosceles acquired over 50 per cent of its target in mid-July and declared the bid unconditional. But Newgateway – representing Great Atlantic and Pacific Tea Company and Wasserstein Perella – continued to add to its Gateway stake, eventually acquiring the 40 per cent holding for a cost of around £860m.

The presence of this substantial minority interest prevented Isosceles taking Gateway private. Given the leveraged nature of its bid, this carried various unhelpful tax implications. Meanwhile, Newgateway had ended up with a very large investment where it had no direct control.

Talks have been underway for some weeks. Any resolution, however, was complicated by the fact that Newgateway said, in the closing stages of the battle, that it had no intention of accepting the Isosceles offer whatever the outcome.

Yesterday's arrangements, therefore, required Takeover Panel approval. In a fairly lengthy statement the Panel said it had emphasised to Newgateway during the battle that it "attached considerable importance to parties not making statements during offers which are not subsequently adhered to."

However, both Isosceles and Newgateway argued that circumstances had changed, in that the latter was now being offered an increased interest in Isosceles.

The Panel also accepted that the minority position created uncertainties for the business

and looked at whether Gateway shareholders had been disadvantaged by relying on Newgateway's earlier statement. The Panel decided that – on balance – the arrangement should be allowed.

The terms of the open offer

allow Isosceles shareholders to acquire 16 units at £30 and 3 further units at £40 for every 120 ordinary shares held. The prices of £30 and £40 per unit are equivalent to 15p and 20p per Gateway ordinary share under the terms of the Isosceles offer.

The Newgateway interest will be split equally between A&P and Wasserstein and each will vote their holding separately. Yesterday, A&P estimated that its individual 20 per cent interest had cost the company around £125m (£80m); Wasserstein put its own figure at around £200m-£70m.

See Lex

Only £0.5m profit from Ward Hldgs

By Clare Pearson

MIDLAND BANK is buying Midland Montagu House, head-quarters of its investment banking arm, in the City of London, through a £99.6m recommended offer for Billingsgate City Securities, the listed vehicle which owns it.

At the pre-tax level this Kent-based property and construction group made only £517,000 for the six months ended April 30 1988, compared with £6.17m and with £4.4m for the whole of 1987-88.

On June 24 the group warned of a significant fall in profits because of a marked slow down in the sale of new homes. On that news the shares initially fell 25p to 50p but later picked up to 55p; yesterday they closed at 55p.

Mr Dennis Ward, chairman, said the deterioration of the housing market in London and the south-east occurred with unprecedented speed and severity.

While the company bore the immediate impact of the downturn, early action – such as moving more strongly into the first time buyers' market – was taken to minimise its effect on the group.

Results of the action will become apparent in the second half, which had traditionally shown a better profit performance, he said.

Turnover in the first half fell from £23.54m to £17.1m, with house sales declining from £19.45m to £11.63m. On the positive side plant hire rose 53 per cent to £1.55m and gross rental income was well on the way to being trebled at £1.41m.

Earnings were well down at 0.7p (7.8p) but the interim dividend is held at 0.5p.

RHM abandons bond issue plan

Ranks Hovis McDougal, the food and bakeries group, said yesterday that it had abandoned plans for a £200m Euro-sterling convertible bond issue after deciding that it was not the most appropriate way to maximise the value of its assets, writes Andrew Freeman.

The deal would have been convertible into shares of Goodwin Fielder Wattie, the Australasian food company for which RHM launched an abortive bid earlier this year. Had the issue gone ahead, it would have been the largest of its kind in the Euro-sterling market.

The deal was suggested as a way of re-financing RHM's 14.9 per cent stake in Goodwin Fielder. That stake was put up for sale some time after the failure of the takeover bid.

New issue traders on the convertibles market said the issue had been widely expected, with two brokers making a grey market on Thursday.

Pillsbury incurs loss in second quarter

Pillsbury, a US subsidiary of Grand Metropolitan, incurred a net loss of \$85.1m (£51m) for the three months to June 30, against a net profit of \$41.8m in the second quarter of 1988.

GrandMet said the figures would require material adjustment before incorporation into its own accounts.

Mr Ian Martin, Pillsbury's chief executive, said results from both Pillsbury and Burger King, its hamburger chain, continued "to be very satisfactory and fully meet our expectations". Net sales fell to \$1.34bn (£1.47bn), reflecting the disposal of Steak and Ale, Bennigans, Bay Street, Godfather's Pizza and Quik Wok restaurant chains and a grain trading business. Income before amortisation, interest and tax was \$89m (£104m).

An amortisation charge of \$33.4m (£20.3m) would not be a charge to the group under UK accounting standards, GrandMet said. Net interest accounted for \$170.7m (£19.7m) but there was a tax credit of \$11m (£4.2m charge).

Midland buys Billingsgate City

By Clare Pearson

MIDLAND BANK is buying Midland Montagu House, head-quarters of its investment banking arm, in the City of London, through a £99.6m recommended offer for Billingsgate City Securities, the listed vehicle which owns it.

The recommended deal, which values the building at £136m, brings an early end to the UK's first-ever experiment with a listed security backed by a single equity asset. Billingsgate's preferred shares were floated in London last year after being launched in Luxembourg in 1986.

The place takes the form of an offer for the balance of the preferred shares in Billingsgate not owned by Berisford (Switzerland), which is a subsidiary of Berisford International, the sugar processing and commodities group, and holds all the ordinary shares, and a separate deal with Berisford.

Midcorp, Midland's subsidiary, is offering preferred shareholders 133.5p in cash with a loan stock alternative. This is a 3.6 per cent premium to the value on Thursday or

the shares, which were issued three years ago at 100p each.

The price Midcorp is paying to the preferred shareholders is calculated on the basis of the theoretical entitlements of those holders in the event of a sale of the property for about £147m. Midland Montagu House was valued at £128m in March of this year.

Berisford's offer last year failed to gain the recommendation of the independent directors. Subsequently, Berisford lifted its holding to just over 75 per cent of the preferred shares.

Many had expected that Midland Montagu House would be purchased by a foreign buyer. However, it is thought Berisford may have encountered difficulties in negotiations due to Billingsgate's complicated capital structure.

Midland's lease was to have run out in 31 years' time. A spokesman for the bank said the purchase of Billingsgate would mean it could make sure it would continue to enjoy the investment it had already made in adapting Midland Montagu House to its own particular needs.

The performance of Billingsgate's shares had been viewed as disappointing. However, yesterday's price was seen as an attractive one for the preferred shareholders.

There are also outstanding

BAT's jobs record attacked

By Nikki Tait

WITH BAT Industries due to release its first formal defence document against the £13.5bn paper bid from Sir James Goldsmith's Hoylake consortium on Monday, the bidder yesterday turned the attack to BAT's own employment record.

In response to concerns expressed by both US politicians and trade unions, Hoylake claimed that BAT's employee numbers had fallen by 34.3 per cent in the UK since 1982 and by 35.6 per cent in the US.

Meanwhile, Sir James Goldsmith maintained that, at companies he had acquired in the

US, his actions had led to "significantly" more people being presently employed. He added that the only jobs at risk as a result of the Hoylake bid were those held by some BAT executives in London.

Sniping back, BAT and its advisers said that this made no allowance for disposals, some in the labour-intensive retail area. And they went on to attack Hoylake's chances of introducing some cash element into its bid at a later stage.

Hoylake's only retort yesterday was that any underwriting exercise would be fully while BAT persisted in what Hoylake claims were "blocking tactics" on the US regulatory front.

General Cinema plans to trim its stake in Cadbury

By Anatole Kaletsky in New York

GENERAL CINEMA, the Massachusetts-based conglomerate which owns a strategic stake of about 19 per cent in Cadbury Schweppes, is to dispose of part of its holding in the UK drinks and confectionery company.

General Cinema said it would exchange 14m Cadbury shares for about £80m worth of convertible debentures which it issued in 1987 to finance part of its Cadbury holding.

The US company's decision could merely represent profit-taking. The price of Cadbury shares has more than doubled since General Cinema made its investment in 1987.

Young Group advances 31%

YOUNG GROUP, one of the leading private-sector coal mining companies in Britain, increased its pre-tax profit by 31 per cent for the half year ended June 30 1988.

This USA-quoted group produced £1.37m from turnover of £14.49m, against £1.04m on sales of £9.3m.

Mr Robert Young, chairman, said there was some reduction in margins primarily as a result of measures taken to protect continuity of production in the run up to electricity privatisation, and in part because the exceptionally mild winter led to high stocks at power stations.

Earnings were reduced to 6.4p (10.4p) on considerably higher capital. Interim dividends are initiated with a payment of 2.6p.

Seabrook denies illegal dealing

By Clare Pearson

MR ROBERT Seabrook, former chief executive of the Throgmorton Trust, yesterday categorically denied that he was guilty of insider dealing in relation to the sale of shares in Acatos & Hutcheson on March 29 1988.

"He [Mr Seabrook] is confident that the Department of Trade and Industry inspectors, when they have fully inquired into the facts, will totally exonerate him," said a statement issued on his behalf.

His statement followed a similar denial by three other directors of the edible oil and fats manufacturing company earlier this week.

Meanwhile, the Throgmorton Trust said yesterday that any suggestion that Mr Seabrook's resignation was brought about by the DTI investigation into Acatos & Hutcheson was totally unfounded. His resignation was a direct result of his ill-health.

Throgmorton confirmed that earlier this year it had commissioned an inquiry by its legal advisers into these matters and was satisfied on the basis of their report that there was no reason for any action to be taken by the board.

The report had been submitted to the DTI.

Mr Seabrook's statement also attacked the version of the facts contained in an article published in The Sunday Times on August 13 on the subject of the DTI probe, and additionally claimed that it exaggerated the number of shares he had sold.

The true position is that Mr Seabrook sold only about a third of his holding ... on March 29. He did so to avoid a higher rate of capital gains tax introduced in the Budget two weeks earlier which would affect sales of shares after April 6. He did not act on any inside information."

Throgmorton also said that, following Mr Seabrook's retirement, Mr Paul Loach and Mr Brian Rout had been appointed joint managing directors of the Throgmorton group. Mr Seabrook remains a non-executive director.



Robert Seabrook – confident the DTI will exonerate him

Plessey buys stake in Ferranti for £15m

By Hugo Dixon

PLESSEY, the beleaguered electronics group, has spent about £15m buying a 2 per cent stake in Ferranti, a rival electronics concern.

Mr Stephen Walls, Plessey's managing director, said there was a good fit between the two companies' operations in defence electronics and it might make sense to bring them together in a new grouping.

Any move of this nature, however, seems extremely unlikely because Plessey is currently facing a £2bn hostile bid from the General Electric Company and Siemens of West Germany. The stock market, which regards a takeover of Plessey as virtually a fait accompli, marked the company's share price down 1p to 265p. Both Ferranti's and GEC's share prices were unchanged.

Ferranti, which has been the subject of takeover speculation for several years, said it was not in discussions with Plessey. The company has recently been through a bad patch because of high interest rates, the slowdown in defence spending and the loss of several important contracts.

"It is late in the day and it looks like a spoiling tactic," said Mr James Dodd, an analyst at Kleinwort Benson Securities.

Plessey had expected that Midland Montagu House would be purchased by a foreign buyer. However, it is thought Berisford may have encountered difficulties in negotiations due to Billingsgate's complicated capital structure.

Midland's lease was to have run out in 31 years' time. A spokesman for the bank said the purchase of Billingsgate would mean it could make sure it would continue to enjoy the investment it had already made in adapting Midland Montagu House to its own particular needs.

Plessey sent its shareholders a letter relating to the GEC/Siemens offer document which was published earlier this week.

Plessey will bring out its full defence document right at the beginning of next week.

See Lex



Russell Smith – a strong cash flow would help Kunick expand its care for the elderly activities

Kunick buys Cope Allman's Bell Fruit operations for £87m

By John Riddings

KUNICK, the leisure and amusement group, is paying £87m to acquire the Bell Fruit amusement businesses from Cope Allman, a subsidiary of Quoteplan, a holding company in which Mr Michael Ashcroft's ADT has a 49 per cent stake.

The deal is Kunick's most ambitious move since it joined the USM in January 1988 and doubles the size of the company at a stroke. It will make it one of the UK's largest amusement machine operators.

Mr Russell Smith, chairman, said the acquisition reflected Kunick's strategy of developing a strong cash flow so as to finance the expansion of its care for the elderly businesses.

Bell Fruit comprises two separately managed businesses: Bell Fruit Services, which operates and maintains 32,000 fruit machines and quiz games, and Bell Fruit manufacturing, which makes a range of amusement products and supplies about 17 per cent of BFS's machinery.

Mr Smith said that "the manufacturing activity does not form part of Kunick's present strategy and it is intended to sell it to existing management for not less than £22m."

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Mr Smith said productivity could be improved through rationalisation, including redundancies, and economies of scale. He said that the combination of MHG and BFS would give Kunick control of about 40,000 machines, second only to Allied Leisure, a subsidiary of Bass, the brewing

group.

The acquisition is being financed through a £75m placing of new ordinary shares and convertible preference shares. The balance will be met through bank borrowings.

The shares are being conditionally placed with institutional investors but, under a claw-back option, existing shareholders may subscribe for the units of 32 new ordinary shares and 13 new convertible preference shares on the basis of one unit for every 50 shares held.

The units cost £31.58 each, representing a price of 59p per new ordinary share and 100p per convertible preference share.

On a fully diluted basis, Kunick's issued shares will increase from about 118m to 246m. However, Mr Smith said that he was confident that Kunick's annual target of 25 per cent earnings per share growth would be achieved.

INTERNATIONAL COMPANIES AND FINANCE

DSM doubles profits and names date of next issue

By Laura Raun in Amsterdam

DSM, the Dutch chemicals company which is being progressively privatised, yesterday unveiled doubled profits and said the offer price for the next oneshard tranche of its shares would be announced between September 20 and 22.

The sale of 12m shares through an international offering could raise around Fl 1.56bn (\$763m), based on yesterday's closing share price of Fl 134.40. An initial third of DSM earlier this year raised Fl 1.3bn for Dutch state coffers and was the biggest flotation in Dutch history.

An international promotion will be launched next week to pitch the issue to institutional investors in Europe and the US. About 40 per cent of current DSM shareholders are from outside the Netherlands.

Mr Adrianus Timmermans of DSM's management board refused to say whether existing shareholders would receive preferential treatment in the second tranche. He noted that political uncertainty surrounded the future of the last third of shares, which remain

in Dutch Government hands. Early elections are being held on September 6 following the collapse of the Christian Democrat-Liberal coalition in May.

DSM profits in the second quarter were helped by a relatively buoyant chemicals industry and by earnings gains. Net income climbed to Fl 343m or Fl 9.80 a share, from Fl 16.7m, or Fl 4.80 per share.

From Fl 317m or Fl 9.10.

Operating margins shrank to 12 per cent in the second quarter from 15 per cent in the same period of 1988. Mr Timmermans noted that selling prices were under pressure in polyethylene and low-density polyethylene.

For the first half, net income was also more than doubled to Fl 61m, or Fl 18.20 a share, from Fl 317m or Fl 9.10.

Operating profit climbed 20 per cent to Fl 751m with all product divisions contributing to the increase except chemicals and peripheral activities. In the chemical division a plant stoppage for maintenance work was blamed. Its "other activities" grouping was hurt by Macintosh, a half-owned textile company.

An interim dividend of Fl 1.60 a share was declared.

Mr Timmermans said subscriptions for the second privatisation tranche would open when the pricing is announced. Allocations will be disclosed on October 1.

Operating income rose 11 per cent to Fl 353m. Operating income in chemicals may have fallen, reckoned one securities analyst, who added that operating income in both chemicals and polymers probably

dropped in the second quarter compared with the first three months.

Revenue and by extension gains. Net income climbed to Fl 343m or Fl 9.80 a share, from Fl 16.7m, or Fl 4.80 per share.

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ABN reports rise to Fl 351m

By Laura Raun in Amsterdam

ALGEMENE Bank Nederland (ABN), the biggest Dutch bank, yesterday singled out merchant banking and foreign operations as the prime cause of a 15 per cent rise in first-half net profits to Fl 351m (\$158.2m).

On a per-share basis, earnings rose a more modest 8.5 per cent to Fl 3.07 from Fl 2.83, but ABN forecast that for all of 1989 they would exceed the Fl 5.59 of 1988, and the interim

dividend is being increased to Fl 1.40 a share from Fl 1.35.

Commission income, including merchant banking fees, jumped 22 per cent while earnings at Bank Mees & Hope, ABN's merchant bank subsidiary, surged 17 per cent. Foreign operations were aided by the firmer dollar.

Interest income rose only 7 per cent under the pressure of squeezed margins in the Netherlands, where short-term

rates are higher than long-term ones. Despite a greater volume of lending, domestic interest income was lower.

Revenue grew 14 per cent to Fl 2.5bn. Board of Exchange Bancorp, a Chicago bank which ABN is acquiring, will not be consolidated until next year.

The balance sheet total expanded to Fl 188.6bn by June 30 from Fl 170.3bn on December 31.

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WORLD STOCK MARKETS

AMERICA

Dow recoups lost ground after CPI report

Wall Street

AFTER some disappointment over the July consumer prices report, equity and bond prices on Wall Street recovered their morning losses and drifted into the afternoon. The New York Stock Exchange's Dow Jones Industrial Average was at 2,681.15, 1.52 points above its overnight level, and other important stock indices were also virtually unchanged. Advancing and declining issues were almost exactly matched on the New York Stock Exchange.

Trading was slow, with only 89m shares changing hands on the Big Board by lunchtime, in spite of the approach of the

EUROPE

Nervousness over dollar's strength creeps in

THE strength of the dollar caused some jitters yesterday, especially with bourses close to highs, and the week ended with more falls than rises, writes *Our Markets Staff*.

FRANKFURT proved resilient, closing little changed after strong results from steel group Thyssen offset initial nervousness about the strong dollar importing inflation.

The DAX index recovered a 6-point loss to finish 0.39 lower at 1,757.77, a fall of 2.1 per cent on the week. The FAZ index eased 0.03 to 555.24, a decline of 1.9 per cent since the previous Friday. Turnover was again modest at DM40m.

Hoesch, which reported a 48.4 per cent surge in group pre-tax profits to DM325m, gained DM6 to DM240. The firm's buoyed steel group Mannesmann, which rose DM3 to DM255.50, although Thyssen, which announces results next month, eased DM2 to DM201.

Other features included Schering, the pharmaceutical company, which gained DM9 to DM7.95 for a variety of reasons, including a local newspaper article on mergers in the sector; general interest in pharma-

"double witching hour" as August futures on the Major Market Index and options on the Standard & Poor's 100, two instruments heavily used by computerised programme traders, were both due to expire at the close of trading yesterday.

Both equity and bond prices were down significantly when Wall Street opened, as fixed interest investors reacted bearishly to the 0.2 per cent rise in the consumer price index announced by the Labor Department. The rise in the total CPI was exactly in line with market expectations, but the composition was somewhat disappointing. Excluding food and energy, the CPI rose 0.4 per cent in July, compared with expectations of 0.2 or 0.3 per cent. The index excluding food and energy suggested that

in the equity market, most blue chips remained virtually unchanged. McDonald's and Citicorp saw the heaviest trading in the blue chip sector. McDonald's was up 3% at \$25.12, while Citicorp fell 3% to \$31.42.

Maytag jumped 3% to \$23 in response to press reports that arbitrageurs were accumulat-

ing the stock. Texas Air was again among the busiest shares on the American Exchange, advancing 5% to \$15.2.

The most important special feature continued to be the takeover bid for UAL. The airline advanced 5% to \$271.12 on reports that a leveraged buyout consortium was being formed by British Airways in partnership with Morgan Stanley.

Georgia Gulf, a chemicals producer, jumped 7% to \$33.2 when Mr Harold Simmons, the Dallas corporate raider, said he would consider seeking control.

C.R. Bard, a hospital supplier company, fell 3% to \$20 in very heavy trading after the Food and Drug Administration required it to withdraw a new catheter product.

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ing the stock. Texas Air was again among the busiest shares on the American Exchange, advancing 5% to \$15.2.

TRADING was sporadic in Toronto where stocks opened mixed but then retreated further by midday following the sharp fall on Thursday. Volume centred on few stocks and the gold index was the only one to make gains, rising nearly 6 points at midday.

The composite index fell 8.2 to 3,985.9 with declines leading advances by 276 to 217 on volume of 20.8m shares.

Among blue chips which fell, Northern Telecom was down C\$4 at C\$23.4, while Canadian Pacific declined C\$4 to C\$26.

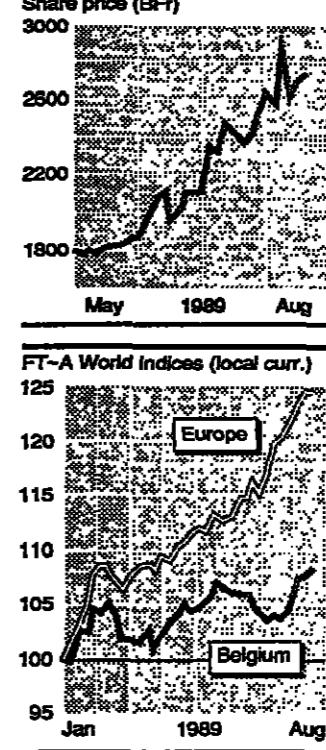
Maytag jumped 3% to \$23 in response to press reports that arbitrageurs were accumulat-

The mystery of the sugar refiner occupies Brussels

Tim Dickson on a touch of summer season intrigue

Raffinerie Tirlemontoise

Share price (BF)



FT-A World Indices (local curr.)

Europe

Belgium

May 1989 Aug

with an average European gain of 24 per cent — though a series of new highs this week and strong demand yesterday for Cockerill Sambre, the steelmaker, will have provided some much-needed encouragement for the bulls.

While some correction was doubtless inevitable after the bid-frenzy months of 1988, a significant additional factor has been the unaccustomed weight of new paper which the market has had to absorb, culminating in the record BFr21bn (\$510m) placing from SGB at the end of June.

The question now is whether Brussels can shake off its hangover in the second half — a point on which analysts are predictably divided. Mr Sebastian Scotten at Dillon Read, for example, feels that, with inflationary worries receding and the overhang of new stock out of the way, "the market's recent phase of uninspiring underperformance may now be coming to an end" and that "Belgium should at least perform in line with other northern European markets for the rest of the year."

Mr Marc Debruyne of the Petercam brokerage, by contrast, is worried about the short term. While he acknowledges the strong influence of Wall Street and hopes for a soft landing in the US, he believes that "relative to the international market, things will be more difficult in Belgium over the next few months."

He is one of many analysts disappointed by the outcome of the 1990 budget negotiations — just BFr30bn of expenditure "cuts" leaving a deficit of BFr105bn or 6.5 per cent of gross national product. But his caution about the market stems as much from fears about corporate tax changes coming soon, which will tighten loopholes, as from long-term worries about the Government's determination to curb the country's indebtedness — equivalent to between 120 and 130 per cent of GNP.

There are few signs, meanwhile, of any slackening in the growth of the real economy. Everyone knows some serious belt-tightening is inevitable, but for the moment nobody wants to acknowledge it.

lower on the week. Volume was said to be much lower than Thursday's FF2.3bn.

AMSTERDAM ended slightly weaker again after mixed reactions to the latest first half results from DSM, the chemical group, and ABN, the bank. The CBS tendency index lost 0.4 to 186.3 in reasonable volume with FI 88m, and the CBS all-share index was down 1.5 to 205.5, barely changed on the week.

MADRID firmed again, with the general index up 1.07 at 313.18, a rise of 0.6 per cent this week. The market gained support from a slight rise in the banking sector and a recovery in construction stocks.

STOCKHOLM closed lower in spite of rising volume as Electrolux, the white goods maker, fell substantially on disappointment over its six-months results, revealed on Thursday. Electrolux free B-shares finished SKR15 down at SKR346 and the Affairs världen General index slipped 1.2 to 1,380.8 to end the week.

ARN, in contrast, edged up 40 cents to FF45.60 after reporting a 15 per cent increase in profits. One analyst said some investors had been hoping for even more details about the second tranche of shares to be floated in DSM; the price will not be known until later next month.

OSLO closed mostly higher in moderate trading. The all-share index rose 2.65 to 512.22 for a gain on the week of 2.5 per cent. Norsk Hydro climbed NKR5 to NKR59, in spite of an announcement from the company that a newspaper report of an important North Sea oil discovery was premature.

RT itself, which came to the market just over two years ago and which has embarked on a diversification programme into non-sugar food products, claims to be among the wisest about what is going on. Mr Ferdinand Claeys, the chief executive, said this week that the company had "done its utmost" to identify the mystery buyer and had sent out press releases "to avoid people getting their fingers burnt."

few in Brussels' court the

moment Jacobs Suchard, the Swiss food giant, announced its bid.

On the other hand, given

that several Belgian companies

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Whatever the outcome, the

RT story has provided welcome

entertainment in a generally

dull and disappointing year.

According to the FT-Arturias

World Indices, Brussels has

been one of the worst perfor-

mances in 1989, rising only 11 per

cent in local currency terms to

Thursday's close compared

in their chips. Blood is not always thicker than water in Belgium and even those with short memories recall the way the family shareholders of Côte D'Or denied any intention of selling out, right up to the moment Jacobs Suchard, the Swiss food giant, announced its bid.

On the other hand, given that several Belgian companies have installed "poison pills" and that new legislation on disclosure (in July) and takeovers (any time now) may start to

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relating to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Taliennet system, they are not in order of execution, but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included 14

Chinese London Council 64% Cum Pfd Stk 9062 -

2295 74%

Birmingham Corp 3% Ind Stk 1947/97 after -

2224

Bolton Corp 3% Ind Stk - E31

114089

Croydon Corp 3% Ind Stk - E31 (114089)

Hull Corp 3% Ind Stk - E31 (114089)

Manchester Corp (0.1) 15% Ind Stk 2007 -

5108

Manchester Corp 4% Cons Ind Stk - E33

(114089)

Reading Corp 5% Ind Stk - E31 (114089)

UK Public Boards

No. of bargains included 1

Agricultural Corp PLC 4% Ind Deb Stk 81191 -

087 (114089)

6% Ind Deb Stk 85250 - 1323 (114089)

7% Ind Deb Stk 91793 - 0856 (114089)

Clyde Corp 1% Aut 10% Ind Stk - E299

4% Ind Stk - 2259

Scottish Agric Sec Corp 7% Ind Deb Stk

90522 - 0381 (114089)

Commonwealth-Government

No. of bargains included 1

Jersey Electricity Co Ltd 6% Ind Stk 2000 -

3549

Foreign Stocks, Bonds, etc (coupons payable in London)

No. of bargains included 15

Abbay National Building Soc 11% Ind Nts

1995 (861000 1000000) - 3599

Abba Group PLC 5% Cum Bds 1998

(Reg) - 157 60

Breweries and Distilleries

No. of bargains included 1

Abbotsford PLC 55% Cum Pfd St 51 - 54%

(114089)

75% Cum Pfd St 51 - 72 (114089)

6% Ind Deb Stk 84995 - 038

6% Ind Deb Stk 87982 - 228

Blundell Investments PLC 15% Cum Pfd St

800022 - 2108 (114089)

Bundene Investments PLC 15% Cum Pfd St

81192 - 2108 (114089)

Bunhill Corp 12% Ind Stk 51 - 154 (114089)

5% Ind Deb Stk 80005 - 2112 (114089)

5% Ind Deb Stk 80005 - 2112 (114089)

Butts PLC 55% Ind Stk 85993 - 225

5% Ind Deb Stk 85993 - 225 (114089)

5% Ind Deb Stk 85

LONDON STOCK EXCHANGE

New 1989 peak for a sluggish market

THE LONDON equity market rounded off the first week of the extended Summer Bank Holiday trading account with a performance of interest below the statisticians. The market continued to move ahead, a 15 point gain taking the FT-SE Index to a clear new 1989 peak of 2,375.1; but about two points of that gain represented Wellcome's massive advance on good news from the US on Retrovir, its anti-Aids drug. The broad range of the market was half-asleep, with ICI, Plessey and Glaxo recording share turnovers of substantially under 1m.

Nonetheless, yesterday's advance rounded off a highly

managers of the big investment funds have demonstrated their reluctance to sell shares, or to allow the market to fall very far.

The recovery in sentiment was helped yesterday by favourable news on domestic inflation, in the form of a rise of 8.2 per cent in the annualised inflation rate in July – a shade below market forecasts as well as the figure for the previous month.

Enthusiasm in the equity market was tempered at first by a dull performance from British Government bonds, and then by a slow start in the New York stock market. However, UK stocks moved ahead in the

closing minutes to finish at the day's best levels as Giltis steadied.

The FT-SE Index ended the session with a net gain on the day of 15.1 points, closing comfortably above the previous 1989 peak of 2,360.4 reached last week. Over the week, the Footsie has put on 20.9 points. The all-time high of 2,443.4, chalked up in the pre-Crash summer of 1987, now presents the next challenge.

Share turnover, at 378.4m shares through the Sean system, was unexciting, even against the 544.3m of Thursday's session. Trading was selective, with many of the blue chip issues almost

neglected. Just over 4 per cent of the market's turnover was represented by activity in Wellcome shares after the news overnight that the US National Institutes of Allergy and Infectious Diseases consider Retrovir safer and more effective than previously believed.

There was further support for British Telecom after consideration of the quarterly trading figures. But ICI remained a dull feature as this week's trading news from Hoechst of Germany cast shadows over the chemical industry.

Among the more speculative issues, BTR came in for a brief burst of buying support.

Record price for Wellcome

Wellcome shares were ignited by the overnight news of further positive evidence from the US on the effectiveness of the company's anti-Aids drug Retrovir. The price rose to a new 1989 peak of 2,375.1; but about two points of that gain represented Wellcome's massive advance on good news from the US on Retrovir, its anti-Aids drug.

The broad range of the market was half-asleep, with ICI, Plessey and Glaxo recording share turnovers of substantially under 1m.

Nonetheless, yesterday's

Account Dealings Dates		
First Dealings	Aug 10	Aug 14
1st 31	Aug 31	Sept 4
Option Performance	Aug 10	Aug 31
Last Dealings	Aug 11	Sept 1
Accepted Date	Aug 21	Sept 22
Accepted Date	Aug 21	Sept 22
Notes	1000	1000

successful recovery in the equity market, which was shaken on Monday by a spate of bearish warnings from brokerage houses and the press. It has become clear that the shakeout owed a good deal to marketmaker's price movements and very little to genuine selling. Once again, the

ping back to close unchanged on the day at 80p, with 3.4m shares traded. Plessey, a touch off at 288p, saw minimal turnover of 581,000, while GEC, although unchanged at 277p, recorded 2.9m shares.

Bothmans International were still rising at the end of a week which has seen the shares advance 50 to 870p. Nothing new was added yesterday, the motivating influence being break-up hopes based on the group's assets and earning potential. The associated Dumhill was also in good form, yesterday and posted a rise of 8 to 359p.

With the US Securities and Exchange Commission looking at the Hoylake bid for BAT Industries, and a number of other regulatory hurdles to be cleared, BAT shares drifted easier. Mr Christopher Page of Citicorp Scrimgeour Vickers sees no rush for performance funds to buy but, whatever the outcome, he expects the offer to lead to a reappraisal of the investment merits of BAT.

"The shares look well supported on yield, relative grounds alone," says the researcher.

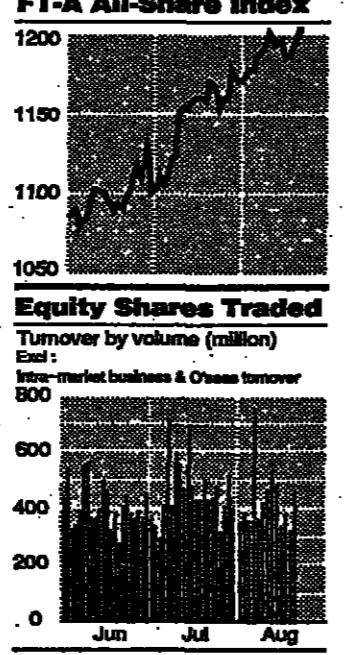
Courtuals returned to favour, helped by advice from Hoare Govett, and settled 8 higher at 377p. Analyst Mr Donald Anderson believes fibres and textiles profits are at their worst and that the shares are undervalued.

Technical factors dominated in the banks sector as a widespread shortage of stock forced marketmakers to push prices higher in search of business.

Volume was modest with dealers reporting little trade at the higher levels. Midland gained the most from the squeeze, rising 10 to 322p on turnover of 2.5m shares, while Lloyds put on 4 at 359p and Barclays 2 at 323p. NatWest moved out, easing a penny to 340p. Abbey National were in demand again, and 100p shares had changed hands by the close.

But with sellers meeting buyers at every opportunity the price stood firm at 149p.

FT-SE All-Share Index



Life insurers were in good form, particularly Pearl where further talk of AMP adding to its large stake helped the shares advance 20 to 525p; turnover, however, was pitifully low at less than 3m shares. Among the composites Royal dropped 6 to 433p on consideration of Thursday's generally well-received interim figures.

Turners, under pressure all week, regained some of the ground lost when the recent large seller showed reluctance to operate, but other quality building issues registered few changes.

Secondary stocks showed Stanley Miller 16 higher 288p on what dealers described as speculative interest while US-listed Battfield Estates jumped 10 to 185p. Ward Holdings went into reverse after a shocking set of interim figures and closed 10 down at 88p.

Chemicals had noteworthy features in Lepore, up 13 more at 508p amid talk of a circular being in the offing, and York-

shire which rose 11 to 384p. A late casualty was Wardle Stores, down 9 at a low for the year of 342p.

Boots put in a strong performance, rising 7 to 295p and buoyed by the presence in the market of one large buyer.

Dealers suggested it may have been Mercury Asset Management (MAM) adding to its 10 per cent stake, a sign, they said, that some institutions are beginning to view the current bid for Ward White in a more favourable light. MAM is Boots' biggest shareholder.

The market is increasingly

of the opinion that Boots will succeed with its 42p share offer.

Ward White ordinary closed a penny better at 435p in little trade (Boots has 29.5 per cent of the ordinary), but 14m of the preference changed hands at 152p (Boots now has 33.4 per cent of these).

Storehouse, a poor performer in recent sessions, traded firmly on a broker's recommendation, the shares adding 3 at 170p on turnover of 2m.

Mr John Williams at Citicorp Scrimgeour Vickers has published a buy note on the Storehouse.

"With hopes of a leveraged bid, virtually dead, and disastrous profits and a dividend cut out in prospect, potential investors need to look further out to put into perspective the intrinsic value in Storehouse," wrote Mr Williams. "For those with such foresight, in contrast, the shares should prove a bargain below the net asset value of 145p."

GUS "A" shares, up 10 at 1084p, joined in the wider rise, some dealers suggested that the company could have been buying stock during the afternoon.

GUS has permission

from its shareholders to buy up to 15 per cent of its equity.

Troubled furniture retailer Lowndes Queensway returned from suspension after the group announced a refinancing deal involving a £16.5m three-for-seven rights issue at 20p.

The shares reopened at 23p and quickly dropped to 21 1/2p where they stayed for the remainder of the session.

Body Shop put on another 6

to 470p – the stock has now risen 65p, or 17 per cent, this week – but some traders believe the shares have reached their peak for the short-term: "nothing ever goes up in straight line," was the comment of one cautious marketmaker.

British Aerospace advanced

on the back of an "out of the blue" order for 22.5m worth of

Airbus to the parent company of Northwest Airlines of the US. After having spent most of the day languishing a penny or two weaker, the stock popped up in the last hour of trade to close 3 better on balance at 710p. None of the engines in the order are to be made by Rolls-Royce, whose shares ended unchanged at

149p.

NEW HIGHS AND LOWS FOR 1989

WILSON (L) INSURANCE (R) LEISURE (M)

BRITISH PLESSEY (T) AMERICAN (U)

CALGARY (V) BANKS (W) BREWERY (X)

CAIRNS (Y) COTTON (Z) CLOTHING (AA)

FOODS (BB) HOTELS (CC) INDUSTRIALS (DD)

EDUCATION (EE) ELECTRICALS (FF)

INDUSTRIALS (GG) ENGINEERING (HH)

INDUSTRIALS (II) AIRPORTS (JJ)

INDUSTRIALS (KK) AIRPORTS (LL)

INDUSTRIALS (MM) AIRPORTS (NN)

INDUSTRIALS (OO) AIRPORTS (PP)

INDUSTRIALS (QQ) AIRPORTS (RR)

INDUSTRIALS (TT) AIRPORTS (UU)

INDUSTRIALS (VV) AIRPORTS (WW)

INDUSTRIALS (XX) AIRPORTS (YY)

INDUSTRIALS (ZZ) AIRPORTS (AA)

INDUSTRIALS (BB) AIRPORTS (CC)

INDUSTRIALS (DD) AIRPORTS (EE)

INDUSTRIALS (FF) AIRPORTS (GG)

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INDUSTRIALS (BB) AIRPORTS (CC)

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INDUSTRIALS (VV) AIRPORTS (WW)

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INDUSTRIALS (JJ) AIRPORTS (KK)

INDUSTRIALS (OO) AIRPORTS (PP)

INDUSTRIALS (QQ) AIRPORTS (RR)

INDUSTRIALS (TT) AIRPORTS (UU)

INDUSTRIALS (VV) AIRPORTS (WW)

INDUSTRIALS (XX) AIRPORTS (YY)

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INDUSTRIALS (BB) AIRPORTS (CC)

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Ref	Offer	Price	Yield	Yield	Ref	Offer	Price	Yield	Yield	Ref	Offer	Price	Yield	Yield	Ref	Offer	Price	Yield	Yield	Ref	Offer	Price	Yield	Yield			
Premium Life Assurance Co Ltd	27-39	Payment Recd	Harwoods Heath	00241 58723	Prudential Northern Pensions Ltd	30 Old Sarlington St, London W1X 1LB	01-29 313	Scottish Amicable Ltd	217.7	223.3	1.6%	Scandin Life Assurance Co Ltd	100.7	100.7	1.6%	Target Life Assurance Co Ltd	100.7	100.7	1.6%	Retirement Asset Management Comd	100.0	100.0	1.6%	AEI Trust Debt Assurance (Guaranteed)	100.0	100.0	1.6%
Baldwin Soc. Fd	177.0	125.0	1.0%	Barclays	204.0	202.2	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Japanese Special	100.7	100.7	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	Community Fund	100.0	100.0	1.6%				
Balanced	265.0	265.0	1.0%	Global Growth	207.5	211.1	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Seafarer Compania	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	Corporate Fund	100.0	100.0	1.6%				
GT Managed	188.0	140.0	1.0%	Property	401.0	422.9	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Financial	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Germany	133.0	140.0	1.0%	Lesser Listed Gds	201.5	213.3	1.0%	Do. Acquis Int	100.0	100.0	1.6%	UK Equity Growth	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Gold	184.0	104.0	1.0%	Guaranteed	201.5	213.3	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
High Inc.	120.0	120.0	1.0%	North America	204.0	205.5	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
International Equity	202.0	276.0	1.0%	Japan	204.0	205.5	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Japan Managed	94.0	85.0	1.0%	Smaller Companies	204.0	205.5	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
A. & M. Imperial Gold	120.0	160.0	1.0%	Standard & Poor's	204.0	205.5	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Pension Fund	370.0	390.0	1.0%	Standard & Poor's	204.0	205.5	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Professional Life Assurance Co Ltd	152.0	152.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Baldwin Soc. Fd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Balanced	257.0	257.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
German	127.0	124.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
International Equity	202.0	276.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Japan	140.0	140.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
International Equity	188.0	212.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Japan	140.0	140.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
UK Equity	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Property	188.0	212.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis Int	100.0	100.0	1.6%	Shaward RIAI Ireland	100.0	100.0	1.6%	Target Life Assurance Co Ltd	100.0	100.0	1.6%	DCI Fund	100.0	100.0	1.6%				
Prudential Pensions Ltd	120.0	120.0	1.0%	Prudential Pensions Limited	200.0	200.0	1.0%	Do. Acquis																			

UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

1989	High	Low	Stock	Price	+ or -	Yield	1989	High	Low	Stock	Price	+ or -	Yield
"Shorts" (Lives up to Five Years)													
99/91 98-1 Exch 11pc 1989	99/91	11.03	12.98	90/92	+1.02	9.44	Conversion 9-1/2 pc 2004	100/92	+1.16	9.45	9.45	+1.16	9.45
99/91 98-1 Tress 5pc 1988-90	99/91	5.04	10.27	100/92	+0.97	9.44	Conversion 9-1/2 pc 2005	100/92	+1.00	9.45	9.41	+1.00	9.41
99/91 98-1 Exch 101/2 pc 1989	99/91	10.33	12.99	100/92	+0.97	9.44	Conversion 9-1/2 pc 2006	100/92	+1.03	9.45	9.48	+1.03	9.48
101/81 99-1 Tress 13pc 1990	100/81	12.97	12.14	101/92	+1.02	9.44	Exch 10-1/2 pc 2005	102/92	+1.16	10.21	9.58	+1.16	9.58
131/71 12-1/2 pc 2004/61	131/71	2.05	4.98	102/92	+1.02	9.44	Tress 11-1/2 pc 2007-28	103/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Exch 11pc 1989	99/91	11.07	12.32	103/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	104/92	+1.16	9.45	9.53	+1.16	9.53
101/71 99-1 Exch 12-1/2 pc 1990	100/71	12.50	12.73	104/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	105/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 30pc 1990	99/91	3.14	9.43	105/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	106/92	+1.16	9.45	9.53	+1.16	9.53
97-91 98-1 Tress 8-1/2 pc 1987-90	97-91	8.46	11.43	106/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	107/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 8-1/2 pc 1990-94	97/91	8.20	10.26	108/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	108/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10-1/2 pc 1990	97/91	10.21	11.88	109/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	109/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 11-1/2 pc 1991	100/81	2.44	7.76	110/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	110/92	+1.16	9.45	9.53	+1.16	9.53
93-91 98-1 Funding 5-1/2 pc 87-91	93-91	11.74	11.62	111/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	111/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	6.14	10.05	112/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	112/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	3.31	8.89	113/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	113/92	+1.16	9.45	9.53	+1.16	9.53
100/81 98-1 Tress 10pc 1991	97/91	10.22	11.30	114/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	114/92	+1.16	9.45	9.53	+1.16	9.53
101/81 97-91 Exch 11pc 1991	101/81	11.03	11.12	115/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	115/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	8.52	10.04	116/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	116/92	+1.16	9.45	9.53	+1.16	9.53
101/81 102-1 Tress 12-1/2 pc 1992	101/81	12.23	14.64	117/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	117/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1992	99/91	10.17	10.75	118/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	118/92	+1.16	9.45	9.53	+1.16	9.53
94-91 98-1 Tress 10pc 1992	94-91	8.54	10.80	119/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	119/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1992	98/91	8.20	10.26	120/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	120/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1992	99/91	10.21	11.88	121/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	121/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 11-1/2 pc 1991	100/81	2.44	7.76	122/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	122/92	+1.16	9.45	9.53	+1.16	9.53
93-91 98-1 Funding 5-1/2 pc 87-91	93-91	6.14	10.05	123/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	123/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	3.31	8.89	124/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	124/92	+1.16	9.45	9.53	+1.16	9.53
100/81 98-1 Tress 10pc 1991	100/81	10.56	10.73	125/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	125/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	3.51	8.92	126/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	126/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 10pc 1991	101/81	11.79	12.07	127/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	127/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.81	10.47	128/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	128/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	10.17	10.35	129/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	129/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.54	10.80	130/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	130/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.20	10.26	131/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	131/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	10.21	11.88	132/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	132/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 11-1/2 pc 1991	100/81	2.44	7.76	133/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	133/92	+1.16	9.45	9.53	+1.16	9.53
93-91 98-1 Funding 5-1/2 pc 87-91	93-91	6.14	10.05	134/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	134/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	3.31	8.89	135/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	135/92	+1.16	9.45	9.53	+1.16	9.53
100/81 98-1 Tress 10pc 1991	100/81	10.56	10.73	136/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	136/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	3.51	8.92	137/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	137/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 10pc 1991	101/81	11.79	12.07	138/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	138/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.81	10.47	139/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	139/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	10.17	10.35	140/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	140/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.54	10.80	141/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	141/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.20	10.26	142/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	142/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	10.21	11.88	143/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	143/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 11-1/2 pc 1991	100/81	2.44	7.76	144/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	144/92	+1.16	9.45	9.53	+1.16	9.53
93-91 98-1 Funding 5-1/2 pc 87-91	93-91	6.14	10.05	145/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	145/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	3.31	8.89	146/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	146/92	+1.16	9.45	9.53	+1.16	9.53
100/81 98-1 Tress 10pc 1991	100/81	10.56	10.73	147/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	147/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	3.51	8.92	148/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	148/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 10pc 1991	101/81	11.79	12.07	149/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	149/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.81	10.47	150/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	150/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	10.17	10.35	151/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	151/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.54	10.80	152/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	152/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.20	10.26	153/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	153/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	10.21	11.88	154/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	154/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 11-1/2 pc 1991	100/81	2.44	7.76	155/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	155/92	+1.16	9.45	9.53	+1.16	9.53
93-91 98-1 Funding 5-1/2 pc 87-91	93-91	6.14	10.05	156/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	156/92	+1.16	9.45	9.53	+1.16	9.53
90-91 98-1 Tress 10pc 1991	90/91	3.31	8.89	157/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	157/92	+1.16	9.45	9.53	+1.16	9.53
100/81 98-1 Tress 10pc 1991	100/81	10.56	10.73	158/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	158/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	3.51	8.92	159/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	159/92	+1.16	9.45	9.53	+1.16	9.53
101/81 98-1 Tress 10pc 1991	101/81	11.79	12.07	160/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	160/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.81	10.47	161/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	161/92	+1.16	9.45	9.53	+1.16	9.53
98/91 98-1 Tress 10pc 1991	98/91	10.17	10.35	162/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	162/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.54	10.80	163/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	163/92	+1.16	9.45	9.53	+1.16	9.53
99/91 98-1 Tress 10pc 1991	99/91	8.20	10.26	164/92	+1.02	9.44	Tress 9-1/2 pc 2007-28	164/92	+1.16	9.45			

LOANS

1989		Stock		Price	+ or -	Yield
High	Low			E	Int.	Std.
Building Societies						
99.3	98.3	Wtde Anglia	11.1	29.88		
99.4	99.1	Do. 12.0	18.4	8.89	-.3	16.08
99.1	99.1	Do. 12.0	12.0	10.89	-.3	12.82
99.1	98.1	Do. 11.1	11.1	8.89	-.3	13.45
100.1	98.1	Do. 12.0	12.0	11.89	-.3	12.39
100.1	99.1	Do. 12.0	12.0	21.90	-.3	12.87
100.1	98.1	Do. 12.0	12.0	29.10	-.3	12.64
100.1	98.1	Do. 12.0	12.0	26.20	-.3	12.74
100.1	98.1	Do. 12.0	12.0	19.30	-.3	11.02
100.1	98.1	Do. 12.0	12.0	23.40	-.3	13.42
100.1	98.1	Do. 12.0	12.0	14.50	-.3	13.08
100.1	98.1	Do. 12.0	12.0	4.90	-.3	13.70
100.1	98.1	Do. 12.0	12.0	7.90	-.3	14.23
100.1	98.1	Do. 12.0	12.0	23.70	-.3	13.63
104.4	98.1	Do. 3 1/2% Ltr. Ln 2021		104.1	-.3	4.29
Public Board and Ind.						
471	45.1	Met. Wtr. 3pc 'B'		46.6	-.1	6.52
FOREIGN BONDS & RAILS						
1989	High	Low	Stock	Price	+ or -	Div %
				E	Gross	Yield
45	40	40	Grec 7pc Ass.	40	3.50	18.75
45	40	40	Do. 6pc 28 Stb. Ass.	40	7.50	
45	40	40	Do. 4pc Mixed Ass.	40	5.00	
80	65	65	Hung. 24 Ass.	60	2.75	13.57
159.7	126.1	126.1	Hydro Quebec 1.5pc 2011	135.1	-.3	15.00
126.1	118.1	118.1	Iceland 14.5% Ln 2015	125.7	-.3	14.50
97.4	91.2	91.2	Ireland 9.5% 91-98	92.1	-.3	9.75
AMERICANS						
1989	High	Low	Stock	Price	+ or -	Div %
				E	Gross	Yield
40.1	26.1	26.1	Abbott Laboratories	40.1	+.3	\$1.30
57.9	36.1	36.1	Allegheny & W 1c	45.6	-.3	3.00
11.1	12.1	12.1	Amza Sl.	17.7	-.3	6.67
11.1	6.5	6.5	Ambar Corp Sl.	10.1	-.3	20.00
17.8	16.5	16.5	Amhdsl 5c	9.5	-.1	h10c
37.3	25.1	25.1	Amr Cyanimid 55	37.1	+.1	\$1.35
23.4	14.1	14.1	Amer. Express 60c	23.1	+.1	8.40
16.4	6.5	6.5	Amherst Medical Int. Sl.	15.7	+.1	6.72
25.1	15.4	15.4	American T. & T. Sl.	25.4	-.1	\$1.20
39.9	26.1	26.1	America Tech. Sl.	36.3	+.4	\$1.92
19.1	9.5	9.5	BankAmerica Sl 1/4	19.1	+.1	1.40
34.7	19.1	19.1	Banks N. Y. 5%	33.2	-.1	5.00
61.1	58.2	58.2	Bell Atlantic Sl.	61.1	+.1	\$4.00
33.1	19.1	19.1	Bell South Corp.	32.1	-.1	\$2.52
11.5	12.1	12.1	Bethlehem Steel \$8.	13.4	-.3	4.90
11.5	8.6	8.6	Bio-Rad Labs. A.	10.1	+.1	
20.1	15.4	15.4	Bowater Inc.	19.1	-.1	\$1.12
12.1	9.4	9.4	Brunswick 75c.	10.2	+.1	4.40
42.1	28.1	28.1	CPC Intnl. 25c.	41.1	+.1	\$1.60
79.8	33.0	33.0	California Engr.	57.9	+.3	
36.1	17.1	17.1	Campbell Soup 15c.	34.1	-.1	9.20
25.1	15.1	15.1	Do. Manhattan Sl 1/2	24.5	-.1	\$2.30
24.1	17.1	17.1	Clem Banking Corp.	24.1	-.1	\$2.73
16.1	13.1	13.1	Chrysler Sl 6 1/4	16.1	+.1	2.20
22.1	14.1	14.1	Citicorp Sl.	20.1	-.1	\$1.67
23.0	10.7	10.7	CityFed Fln. Corp.	16.8	-.9	1.50
36.1	25.4	25.4	Colgate-Palmolive Sl.	36.4	-.1	\$1.43
1.7	10.1	10.1	Com'l Bank Corp \$4	1.6	+.1	8.60
38.7	21.0	21.0	Corporate Data Sone.	29.9		
59.7	27.8	27.8	Coullinet Sttar Lc.	59.5	+.1	
27.1	21.1	21.1	Dana Corp. Sl.	26.1	-.1	\$1.60
12.1	85.4	85.4	Data General	99.1	+.8	
38.1	28.1	28.1	Do. Bradstreet Sl.	37.1	+.1	\$2.00
41.3	30.1	30.1	Exxon Corp. 50c.	41.1	-.1	\$2.00
11.1	8.5	8.5	Echlin Inc.	11.1	-.1	7.00
20.4	16.1	16.1	FPL Group Lc.	20.4	-.1	\$2.28
32.1	27.1	27.1	Ford Motor Sl.	32.1	-.1	\$3.00

Continued on next page

Field	Bid Price	Offer Price
Gas		
Gartmore Money Management Ltd Special Fund	13.33	—

Money Market Trust Funds

	Gross	Net	CAR	Int Cr	annual rate in %: frequency interest credited
Charities Aid Funds Money Management Ltd					UNIT TRUST NOTES
State Hall, Stone Ct, London EC3	01-323 0461				Prices are in pence unless otherwise indicated and those
CAF/CASH Call Fund... 12.28	10.06	13.93	3-mth		designated as 'S' will not include U.K. dollars. 'Yield' is
CAF/CASH 7-day Fund... 13.24	10.38	13.84	3-month		the yield rates. Prices of certain older
The Charities Deposits Fund					units/units. Yield plans subject to capital gains tax on
2 Five Street, London EC2Y 5AQ		01-588 1815			loss. A Discretionary free of U.K. tax. A Periodic premium
Devon... 13.45	-1	14.14	13-Mth		insurance plan. A Single premium insurance x 12-month
Garmore Money Management Ltd					plan includes all expenses except agent's commission x 12-month
2-3 White Hart Yard, London SW1H 9XH	01-236 1425				price x agent's day's price x 12-months gross x suspended x
Call Fax... 13.44	10.52	14.40	6-Mth		yield before Jersey tax x 12-months x only available
7-day Fund... 12.75	8.93	8.275	6-Mth		to competitive quotes x Yield column shows annualized
					rate of NAV increase and ex dividends. (*) Funds not SIS
					recognized.

LONDON SHARE SERVICE

AMERICANS—Contd

BUILDING, TIMBER, ROADS—
Contd

DRAPERY AND STORES—Contd

ENGINEERING

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd

	Stock	Price	or	Div	Yld	Fwd		Stock	Price	or	Div	Yld	Fwd		Stock	Price	or	Div	Yld	Fwd		Stock	Price	or	Div	Yld	Fwd				
1989	Shops	125	10	1.25	1.2	1.25		1989	Shops	125	10	1.25	1.25	1.25		1989	Shops	125	10	1.25	1.25	1.25		1989	Shops	125	10	1.25	1.25	1.25	
561	Can. Elect. 60c	125	10	1.25	1.25	1.25		562	Shops	125	10	1.25	1.25	1.25		563	Shops	125	10	1.25	1.25	1.25		564	Shops	125	10	1.25	1.25	1.25	
565	General Elec Corp 5%	125	10	1.25	1.25	1.25		566	Shops	125	10	1.25	1.25	1.25		567	Shops	125	10	1.25	1.25	1.25		568	Shops	125	10	1.25	1.25	1.25	
569	Gillette 5%	125	10	1.25	1.25	1.25		570	Shops	125	10	1.25	1.25	1.25		571	Shops	125	10	1.25	1.25	1.25		572	Shops	125	10	1.25	1.25	1.25	
573	General Elec Corp 5%	125	10	1.25	1.25	1.25		574	Shops	125	10	1.25	1.25	1.25		575	Shops	125	10	1.25	1.25	1.25		576	Shops	125	10	1.25	1.25	1.25	
577	General Elec Corp 5%	125	10	1.25	1.25	1.25		578	Shops	125	10	1.25	1.25	1.25		579	Shops	125	10	1.25	1.25	1.25		580	Shops	125	10	1.25	1.25	1.25	
581	General Elec Corp 5%	125	10	1.25	1.25	1.25		582	Shops	125	10	1.25	1.25	1.25		583	Shops	125	10	1.25	1.25	1.25		584	Shops	125	10	1.25	1.25	1.25	
585	General Elec Corp 5%	125	10	1.25	1.25	1.25		586	Shops	125	10	1.25	1.25	1.25		587	Shops	125	10	1.25	1.25	1.25		588	Shops	125	10	1.25	1.25	1.25	
589	General Elec Corp 5%	125	10	1.25	1.25	1.25		590	Shops	125	10	1.25	1.25	1.25		591	Shops	125	10	1.25	1.25	1.25		592	Shops	125	10	1.25	1.25	1.25	
593	General Elec Corp 5%	125	10	1.25	1.25	1.25		594	Shops	125	10	1.25	1.25	1.25		595	Shops	125	10	1.25	1.25	1.25		596	Shops	125	10	1.25	1.25	1.25	
597	General Elec Corp 5%	125	10	1.25	1.25	1.25		598	Shops	125	10	1.25	1.25	1.25		599	Shops	125	10	1.25	1.25	1.25		600	Shops	125	10	1.25	1.25	1.25	
601	General Elec Corp 5%	125	10	1.25	1.25	1.25		602	Shops	125	10	1.25	1.25	1.25		603	Shops	125	10	1.25	1.25	1.25		604	Shops	125	10	1.25	1.25	1.25	
605	General Elec Corp 5%	125	10	1.25	1.25	1.25		606	Shops	125	10	1.25	1.25	1.25		607	Shops	125	10	1.25	1.25	1.25		608	Shops	125	10	1.25	1.25	1.25	
609	General Elec Corp 5%	125	10	1.25	1.25	1.25		610	Shops	125	10	1.25	1.25	1.25		611	Shops	125	10	1.25	1.25	1.25		612	Shops	125	10	1.25	1.25	1.25	
613	General Elec Corp 5%	125	10	1.25	1.25	1.25		614	Shops	125	10	1.25	1.25	1.25		615	Shops	125	10	1.25	1.25	1.25		616	Shops	125	10	1.25	1.25	1.25	
617	General Elec Corp 5%	125	10	1.25	1.25	1.25		618	Shops	125	10	1.25	1.25	1.25		619	Shops	125	10	1.25	1.25	1.25		620	Shops	125	10	1.25	1.25	1.25	
621	General Elec Corp 5%	125	10	1.25	1.25	1.25		622	Shops	125	10	1.25	1.25	1.25		623	Shops	125	10	1.25	1.25	1.25		624	Shops	125	10	1.25	1.25	1.25	
625	General Elec Corp 5%	125	10	1.25	1.25	1.25		626	Shops	125	10	1.25	1.25	1.25		627	Shops	125	10	1.25	1.25	1.25		628	Shops	125	10	1.25	1.25	1.25	
629	General Elec Corp 5%	125	10	1.25	1.25	1.25		630	Shops	125	10	1.25	1.25	1.25		631	Shops	125	10	1.25	1.25	1.25		632	Shops	125	10	1.25	1.25	1.25	
633	General Elec Corp 5%	125	10	1.25	1.25	1.25		634	Shops	125	10	1.25	1.25	1.25		635	Shops	125	10	1.25	1.25	1.25		636	Shops	125	10	1.25	1.25	1.25	
637	General Elec Corp 5%	125	10	1.25	1.25	1.25		638	Shops	125	10	1.25	1.25	1.25		639	Shops	125	10	1.25	1.25	1.25		640	Shops	125	10	1.25	1.25	1.25	
641	General Elec Corp 5%	125	10	1.25	1.25	1.25		642	Shops	125	10	1.25	1.25	1.25		643	Shops	125	10	1.25	1.25	1.25		644	Shops	125	10	1.25	1.25	1.25	
645	General Elec Corp 5%	125	10	1.25	1.25	1.25		646	Shops	125	10	1.25	1.25	1.25		647	Shops	125	10	1.25	1.25	1.25		648	Shops	125	10	1.25	1.25	1.25	
649	General Elec Corp 5%	125	10	1.25	1.25	1.25		650	Shops	125	10	1.25	1.25	1.25		651	Shops	125	10	1.25	1.25	1.25		652	Shops	125	10	1.25	1.25	1.25	
653	General Elec Corp 5%	125	10	1.25	1.25	1.25		654	Shops	125	10	1.25	1.25	1.25		655	Shops	125	10	1.25	1.25	1.25		656	Shops	125	10	1.25	1.25	1.25	
657	General Elec Corp 5%	125	10	1.25	1.25	1.25		658	Shops	125	10	1.25	1.25	1.25		659	Shops	125	10	1.25	1.25	1.25		660	Shops	125	10	1.25	1.25	1.25	
661	General Elec Corp 5%	125	10	1.25	1.25	1.25		662	Shops	125	10	1.25	1.25	1.25		663	Shops	125	10	1.25	1.25	1.25		664	Shops	125	10	1.25	1.25	1.25	
665	General Elec Corp 5%	125	10	1.25																											



FINANCIAL TIMES

Weekend August 19/August 20 1989



Football enthusiast takes over top club

By Patrick Harverson

MANCHESTER UNITED, one of the world's most famous football clubs, has been taken over by an Isle of Man property company, in a deal which values the club at £23m.

Mr Martin Edwards, chairman and head of the family that has run the club for nearly 25 years, has accepted a £20 a share offer for his 50.06 per cent stake from MK Trafford Holdings, a company run by property tycoon, Mr Michael Knighton. MK will also make an offer to the remaining Manchester United shareholders.

The sale of the club, which coincides with the start of the football season, is

quickly depreciating assets which cannot be recorded on a balance sheet. Tottenham Hotspur, the only quoted football club, incurs a loss of £387,000 in the first half of this year.

Costs are likely to be heavy. Mr Knighton has already pledged to spend £10m refurbishing the team's Old Trafford stadium. Much of the ground, the UK's largest besides Wembley, requires modernising and Mr Knighton has said he will rebuild the famous terraces on the Stretford End. The likely aim is to create an all-seater stadium to match the standards of the best continental European grounds.

Mr Knighton has acquired sporting prestige, however. Manchester United, the home of great players such as Bobby Charlton, Denis Law and George Best, is one of the world's best supported clubs and is a multi-million pound business.

Mr Knighton said yesterday after announcing the deal, which was signed on Thursday, that his first priority is to restore United to its position as the greatest club in Europe. "I consider myself to be a football enthusiast first and a businessman second," he said.

The Edwards family took control of United on the proceeds of the profitable Manchester meat company, built up by Mr Louis Edwards, the present chairman's father. In the early years of Edwards control, when Sir Matt Busby was manager, United won the championship several times and became the first English club to win the European Cup.

Louis Edwards died in 1980 and after some initial success under his son Martin, the team has struggled in recent



Michael Knighton (left) and Martin Edwards at the club

the biggest takeover deal in the history of British football, dwarfing the previous largest, last year's £6m swoop on Glasgow Rangers by Mr David Murray, another Scots-born businessman.

Football is not regarded as one of Britain's great investment areas. A season's gate receipts can be wiped out by one transfer deal, and players are

seasons. That has led to a worrying fall in average attendance, putting under pressure the club's ability to fund the huge transfer fees now required.

The Edwards family took control of United on the proceeds of the profitable Manchester meat company, built up by Mr Louis Edwards, the present chairman's father. In the early years of Edwards control, when Sir Matt Busby was manager, United won the championship several times and became the first English club to win the European Cup.

Louis Edwards died in 1980 and after some initial success under his son Martin, the team has struggled in recent

Wellcome shares rise by 32% after safety report on drug against AIDS

By Rachel Johnson and Daniel Green in London and James Buchan in New York

SHARES in Wellcome, the UK pharmaceutical company, rose by 32 per cent on the London stock market yesterday after overnight news that the company's anti-AIDS drug AZT is safer and more effective than previously thought.

AZT, better known by its trade name Retrovir, is now likely to be made available to millions of carriers of the AIDS virus who have not developed symptoms of the disease.

Wellcome shares touched a peak of 695p before closing at 673p, a rise of 164p on the day. The company is now capitalised at £5.68bn, which puts it in the top dozen UK companies by market value.

The latest study by the US National Institute of Allergy and Infectious Diseases suggests that the drug can improve the prospects for millions of people who are infected with the virus but show no symptoms of the disease.

Burroughs Wellcome, the US subsidiary of Wellcome, said yesterday that it would apply for permission from the US Food and Drug Administration in Washington to administer AZT to patients who have no symptoms. Until now, AZT has been licensed only for those with full-blown AIDS.

It can take up to eight years for a new drug to pass through clinical trials, but the FDA has streamlined approval procedures in view of the urgency of the AIDS epidemic.

The British medical community yesterday gave a reserved welcome to the promising results of the latest US trials, while cautioning that important details about the drug's dosage levels and long-term side-effects, had not yet been made available for assessment.

The British Medical Association said the results were something to applaud. "It is the first time there is a real prospect of slowing down

the rate of the spread of the virus," said Dr John Dawson, of the BMA.

The Terence Higgins Trust, the AIDS charity and pressure group, said the trial held "important news," but advised people against rushing to have AIDS tests. "There is still no cure for AIDS, and discrimination is still attached to antibody testing," said Mr Nick Robinson, of the Higgins Trust.

Doctors in the US say that the study should help to break down the reluctance many people at risk feel towards undergoing the AIDS test. Wider testing has been seen as a way of curbing the spread of the disease.

AZT is an expensive treatment, which has cost up to \$8,000 (£5,110) a year to administer to patients. Some doctors have found it hard to gain reimbursement for the treatment of symptomless patients from insurers such as the US Medicaid programme.

Thursday's endorsement of early treatment from government researchers should change this just as the prospect of lower dosage should reduce the price.

There was still concern in the UK that the high cost of treating all carriers would inhibit the drug's availability on prescription, although new data suggests a price of \$2,750 a year (£1,751) for new lower daily doses.

AZT is available on prescription in the UK to those with AIDS or AIDS-related complaints - 2,471 at the latest Government count - but not to the estimated 50,000 who are HIV positive with no symptoms.

Wellcome would need UK Government approval before being able to widen its application.

Hope for a widening space, Page 7; Market report, Page 15; Wonderdrug, Weekend section, Page II.

BA flights disrupted by strike

By Fiona Thompson, Labour Staff

BRITISH AIRWAYS European and UK domestic services were disrupted yesterday, when short-haul cabin crews held a 24-hour strike in support of a sacked air stewardess.

Just three of the daily 81 shuttle services between London and Manchester, Glasgow, Edinburgh and Belfast operated, and just over half the scheduled European flights. Long-haul and Concorde flights were not affected.

The airline said there might be some disruption this morning because of aircraft and crew being out of position. It advised passengers booked on any flight scheduled to depart before 10am to ring the airport before leaving home.

Of the 800 cabin crew staff rostered for work, 350 did not appear, BA says.

Mrs Peter Owen, BA's director of operations, said that when staff next returned to work they would be asked to sign a document agreeing not to strike again during this dispute. They would be suspended without pay if they refused.

The union said this amounted to sacking people for taking industrial action.

BA sacked the stewardess in January for alleged irregularities in the conduct of an inflight bar.

The TGWU transport union, which represents the striking cabin crew staff, held a strike ballot where members voted by 1,063 to 849 for a rolling programme of 24-hour strikes in support of her reinstatement.

Mr George Ryde, TGWU national secretary for civil aviation, will meet cabin crew representatives over the weekend and early next week to consider another stoppage. However, he said he believed the issue could be resolved through negotiation.

BA said it had no intention of reopening the case. It would happily meet the union for talks, but Mr Owen stressed that the stewardess would not be getting her job back.

Union showdown, Page 4

CHIEF PRICE CHANGES YESTERDAY	
FRANKFURT (Dm)	
Rises	
Col. Versich	1050 + 24
Lufthansa	592 + 7
Rheinmetall	427 + 12
Fiat	100 + 10
Dragawerk	310 - 11
Porsche	830 - 7
Verein-West	452 - 6
NEW YORK (\$)	
Rises	
Georgia Gulf	53 1/2 + 7 1/2
Maytag	23 1/2 + 1 1/2
Texas Air	18 1/2 + 3 1/2
UAL	27 1/2 + 5 1/2
Faith	20 1/2 - 1 1/2
Bard (C.R.)	31 1/2 - 1 1/2
Citicorp	31 1/2 - 1 1/2
TOKYO (Yen)	
Rises	
Yododen Trading	1270 + 100
Taipei Paper	700 + 60
Telji Seiki	1600 + 140
Faith	
Asahi Concrete	1060 - 80
Shimton	4750 - 280
Taito	1240 - 50
New York prices at 12.30.	
LONDON (Pence)	
Rises	
BTR	484 + 14
Soots	295 + 7
Ewart	543 + 22
Graves	543 + 22
Hastfield Est.	155 + 10
Laporte	508 + 13
Low (Wm.)	328 + 34
Midland Bk.	362 + 10
Miller (Stan.)	298 + 10
Pearl (Stan.)	303 + 20
Frost Martins	535 + 21
Ransomes	
Rothmans	214 + 12
Sime Darby	110 + 8
Udc. Biscuits	4002 + 164
Wellcome	673 + 164
Yorkshire Chem.	334 + 11
Faith	
Avon Rubber	504 - 51
Kunick	128 - 10
Ward Hedges	63 - 10
Western Motor	768 - 30
WORLDWIDE WEATHER	
Yester day	Today
Algeria	5 20 84
Australia	5 21 84
Austria	5 21 84
Bahrain	5 20 87
Barbados	5 21 84
Belarus	5 21 84
Belgium	5 21 84
Berlin	5 21 84
Bolivia	5 21 84
Birmingham	5 21 84
Brussels	5 21 84
Bulgaria	5 21 84
Burma	5 21 84
Buenos Aires	5 21 84
Burkina Faso	5 21 84
Burundi	5 21 84
Cape Town	5 17 84
Caracas	5 17 84
Chile	5 21 84
Cologne	5 21 84
Copenhagen	5 21 84
Cork	5 21 84
Croatia	5 21 84
Dubai	5 21 84
East Germany	5 21 84
Edinburgh	5 21 84
El Salvador	5 21 84
Finland	5 21 84
France	5 21 84
Greece	5 21 84
Helsinki	5 21 84
Hong Kong	5 21 84
Iceland	5 21 84
India	5 21 84
Indonesia	5 21 84
Iran	5 21 84
Ireland	5 21 84
Italy	5 21 84
Jamaica	5 21 84
Japan	5 21 84
Jordan	5 21 84
Korea	5 21 84
Kuwait	5 21 84
Laos	5 21 84
Lima	5 21 84
Lisbon	5 21 84
London	5 21 84
Madagascar	5 21 84
Malta	5 21 84
Mexico City	5 21 84
Milan	5 21 84
Montreal	5 21 84
Moscow	5 21 84
Munich	5 21 84
Nairobi	5 21 84
New Delhi	5 21 84
New York	5 21 84
Nicosia	5 21 84
Osaka	5 21 84
Paris	5 21 84
Perth	5 21 84
Porto	5 21 84
Rome	5 21 84
Salzburg	5 21 84
Santiago	5 21 84
Singapore	5 21 84
Taipei	5 21 84
Tokyo	5 21 84
Toronto	5 21 84
Tunis	5 21 84
Turkmenistan	5 21 84
Venezuela	5 21 84
Vienna	5 21 84
Winnipeg	5 21 84
Zurich	5 21 84

Yester day		Today	
Algeria	5 20 84	5 21 84	5 21 84
Australia	5 21 84	5 21 84	5 21 84
Austria	5 21 84	5 21 84	5 21 84
Bahrain	5 20 87	5 21 84	5 21 84
Barbados	5 21 84	5 21 84	5 21 84
Belarus	5 21 84	5 21 84	5 21 84
Belgium	5 21 84	5 21 84	5 21 84
Berlin	5 21 84	5 21 84	5 21 84
Bolivia	5 21 84	5 21 84	5 21 84
Birmingham	5 21 84	5 21 84</	

Weekend FT

SECTION II

Weekend August 19/August 20, 1989

Next Wednesday, the 50th anniversary of the Molotov-Ribbentrop Pact, will stir huge anti-Russian demonstrations in the Baltic states and Moldavia. Edward Mortimer describes how the Pact was seen at the time and why it is still such a sensitive issue.

"He expected his country to go to war in a panic, for the wrong reasons or for no reason at all, with the wrong allies, in pitiful weakness. But now, splendidly, everything had become clear. The enemy at last was plain in view, huge and hateful, all disguise cast off."

That was the reaction of the English Roman Catholic hero in Evelyn Waugh's *Men At Arms* to the news which broke at midnight on August 21, 1939, and "shook the politicians and young poets of a dozen capital cities": the news that the German Foreign Minister, Joachim von Ribbentrop, was flying to Moscow to sign a non-aggression pact.

Perhaps Guy Crouchback's feelings were shared by others, but they were not expressed widely at the time. The prevailing sentiments, other than those expressed by the German and Soviet rulers themselves and the media they controlled, were shock and dismay. Shock, because it seemed such a complete reversal of policy by both powers, perceived hitherto as implausibly hostile to each other. Dismay, because the Pact was obviously designed to give Hitler a free hand against other countries, and specifically against Poland.

So much was immediately clear to everyone in Europe — everyone except those unfortunate people, like the poet Louis Aragon, editor of the French Communist newspaper *Ce Soir*, who for the previous five years had striven tirelessly to convince the Western democracies that they must make common cause with Stalin against Hitler. For such people the fact that all their efforts had been in vain was too painful to face at once, and they took refuge in halting the Pact as a brilliant stratagem to foil the alleged conspiracy by the "men of Munich" to encourage Hitler to attack Russia. "This," wrote Aragon on August 22, "is the day when it will have to be admitted that something has changed in the world, and that thanks to the USSR one cannot make war when one likes." The irony was all the more macabre for being, presumably, unconscious.

For public opinion at large it was obvious that Stalin had thrown his weight to Hitler's side. That was confirmed for all to see when, two weeks after Hitler had invaded Poland and Britain and France had declared war on Germany, the Red Army in its turn crossed the Polish frontier and, on September 28, Ribbentrop was again in Moscow to sign a "Border and Friendship Treaty" effectively partitioning the former Polish state.

In a speech to the Supreme Soviet on October 31, Vyacheslav Molotov, the Soviet Premier and Foreign

Minister, gloated over Poland's demise. "There was one swift blow to Poland, first by the German Army and then by the Red Army, and nothing was left of this ugly offspring of the Versailles Treaty which had existed by oppressing non-Polish nationalities". He applauded Germany's efforts for peace and condemned Britain and France for waging "an ideological war on Germany reminiscent of the religious wars of olden times". "One may accept or reject the ideology of Hitlerism as well as any other ideological system — that is a matter of political views. But everybody should understand that ideology cannot be destroyed by force, that it cannot be eliminated by war."

The former Polish territory now occupied by the Red Army was incorporated into the Soviet republics of Ukraine and Byelorussia. Meanwhile the three Baltic states — Estonia, Latvia and Lithuania — had been obliged to accept Soviet bases on their territory while, significantly, the people of German descent living in those states were moved to Germany. Later, immediately after Hitler's victory over France in June 1940, all three states were occupied by Soviet troops, their governments forced to resign and new pro-Soviet governments formed.

In July Soviet-style elections were held in all three countries, with a single list of "peasants", "workers" and "soldiers" candidates. The new National Assemblies then voted unanimously in favour of the union of their countries with the USSR, while most of the former political leaders who had not fled abroad were arrested. This forcible annexation of the Baltic states was not (and never has been) accepted as valid by Britain or the US, but Germany made no difficulties except about one small area of Lithuania. And when Russia gave an ultimatum to Romania, demanding the immediate cession of Bessarabia and northern Bukovina, Germany firmly advised the Romanians to give in.

All of this was so clear and public by July 1940 that there was no longer anything very secret about the now-famous Secret Protocols attached to the Pact and the Treaty. Even if those protocols had never come to light, the line taken by apologists for Stalin after 1941 — and by some Soviet spokesmen even today — would have been easy to refute by reference to the historical record. According to this line the Pact was something forced on Stalin by the refusal of the Western allies to join him in defending Czechoslovakia in 1938, and by their dillatations about concluding a military alliance in 1939. Stalin had to act as he did or risk finding himself



The significance of the Secret Protocols

isolated in a war with Germany for which the Soviet Union was far from ready.

In reality Molotov was much nearer the truth when he said, in that speech of October 31, 1939: "We have consistently striven to improve our relations with Germany, and have wholeheartedly welcomed similar strivings in Germany herself. Today our relations with the German State are based on friendly relations, on our readiness to support Germany's efforts for peace, and, at the same time, on the desire to contribute in every

way to the development of Soviet-German economic relations to the mutual benefit of both states."

According to one leading expert on the period — Dr Hartmut Pogge von Strandmann of University College, Oxford — the Pact was not such a radical departure as it seemed at the time. Stalin, he says, had always been keen to improve relations with Germany both before and after Hitler came to power. Dr Pogge has found in the Krupp archives evidence that as early as 1924 Stalin had asked the German ambassador in Moscow, Rudolf

Nadolny, to try and get Hitler to remove the anti-Russian passages from *Mein Kampf*. The ambassador, hesitating to approach the Führer directly on such a delicate matter, enlisted the good offices of Gustav Krupp von Bohlen, who apparently did broach the subject. But Hitler, not surprisingly, declined.

Of course, Russia and Germany had an interest in helping each other ever since 1919, as the defeated powers in the First World War and victims of the Versailles settlement. As early as April 1920 the Siemens archives record a

remark by Leonid Krasin, the Soviet trade commissar, to the effect that a corridor through Lithuania would be needed for Soviet-German exchanges but "the best thing would be for Poland to disappear".

Russia looked to Germany for technology, and especially for weapons, while Germany valued Russia as an export market and above all as a source of raw materials. The latter aspect may well have been the dominant motivation in 1939.

Earlier efforts at economic co-operation had languished not for ideological reasons but because Russia lacked foreign exchange, and Germany had been unwilling to accord large-scale credits. But in 1939 Germany could not contemplate a full-scale European war without securing regular oil supplies. The Polish campaign probably could have been fought without Soviet oil, but the defeat of France in 1940 depended on it crucially. Germany also secured thousands of tons of copper — purchased by the Russians from Canada (which presumably was unaware of their true destination) and shipped across Russia on the trans-Siberian railway.

If Stalin had really believed he was buying time to prepare for war with Germany he would surely not have approved these valuable contributions to Hitler's war machine, which continued until the very eve of the German attack in June 1941.

But these of course were not facts he wished to be reminded of thereafter, and some of them remain acutely embarrassing to the Soviet leadership even now. Perhaps most embarrassing is the fact that under the Secret Protocols the three Baltic states were allocated to the Soviet "sphere of interest". The contention of the nationalist movements which now hold sway in all three Baltic republics is that by declaring the Protocols null and void *ab initio* (as it is apparently now preparing to do) the Soviet government will also be de-legitimising the forced incorporation of the three states into the Soviet Union which followed from it. That in turn leaves open the question of the "demographic and political realities" resulting from the past 50 years of Soviet occupation, including the rights of the large Russian immigrant communities — the issue on which Estonia is now at loggerheads with Moscow.

No less awkward, though so far less publicised, is the issue of Moldavia, formerly Bessarabia. The third article of the Secret Additional Protocol to the Pact states: "With respect to south east Europe, the Soviet side emphasises its interest in Bessarabia. The German side declares its complete political disinterest (*Desinteressement*) in these territories." It was that clause which allowed Stalin to annex Bessarabia from Romania in June 1940. It then became the Soviet Socialist Republic of Moldavia, was subjected (like the Baltic states) to the full panoply of Stalinist terror, and was endowed with a "Moldavian" language, which in fact is simply Romanian written in Cyrillic script.

It too now has a "Popular Front" which is demanding, not reunification with Romania (hardly an inviting prospect under President Ceausescu) but virtual independence, a return to Roman script, a halt to

Russian immigration and, most awkwardly of all, the return of territories detached by Stalin from Bessarabia and handed over to neighbouring Ukraine, which has no desire to hand them back. An explosive cocktail combining all the ingredients of the various ethnic and national conflicts with which the Soviet Union is now plagued.

Hence the long and bizarre controversy over the Secret Protocols, whose existence is only now being officially admitted in the Soviet Union for the first time, although their authenticity has never been doubted by Western historians, of which first came to light in 1945.

It is true that the original German text of the Protocols (which effectively partitioned eastern Europe into German and Soviet "spheres of interest") was destroyed during the war. That makes it rather surprising, if true, that Chancellor Kohl, of West Germany, during his visit to Moscow last year should have told Gorbachev, the Soviet leader, that the originals were in the West German archives. This claim was made by Gorbachev himself, with a rather sheepish half-apology to the Chancellor for breaking his supposed confidence, in an off-the-cuff speech to the Congress of People's Deputies on June 1 this year, when he intervened to support the proposal for a commission of inquiry. He added — looking for confirmation to his foreign minister, who replied with a barely audible "Yes" — that the Soviet Foreign Ministry had then sent representatives to Bonn, but (surprise, surprise) "the originals were not to be found there, either."

It is interesting that visit of the Soviet diplomats to the archives in Bonn was not reported in the West German media, and that the West German government has made no comment on the matter. But the issue of the German originals is something of a red herring. The microfilm which did survive the war includes many other unquestionably authentic documents, and would probably have been more difficult to fabricate than the documents themselves. Moreover, among the original documents which do survive are numerous references to the Secret Protocols, both before and after they were signed.

There is also a large map in full colour, originally attached to the Border and Friendship Treaty of September 28 1939, which traces the new Soviet-German frontier across Poland, and bears the signatures both of Ribbentrop and of Stalin himself.

Stalin's signature is in blue pencil, as is the frontier line itself, except for a short distance near the town of Lemberg (Lwow) where Ribbentrop has corrected it in red and Stalin has countersigned the correction, as one does when correcting a cheque. Apparently there was rumour to be oil in this region. Uncle Joe had tried to help himself to a lucrative little extra slice of Polish territory, but was caught at it.

Guy Crouchback had no pretensions to statesmanship. But it is surely hard to fault his moral sense. [Additional research by James Blitz.]

The Long View

Holmes, the great detective, returns



What might have been just another Moriarty plot appeared to Sherlock Holmes, to be something a great deal more sinister

"In theory that should have dissuaded them from further investment. But the Japanese Ministry of Finance appears to have had quite different ideas. Its officials must have been desperate to prevent further depreciation of the dollar. That may have seemed an improbable objective, given the obvious

and severe trade imbalances being suffered by the US economy. But it is the only explanation which fits all the obvious facts."

"And yet, some clues still escape me. To rely on tempting Japanese institutions with dollar gains seems inadequate. For the investor, whether in the West or the East, greed is a powerful motive, but it is fear that is the overriding one, especially fear of political and economic instability."

"Do you see the logic behind this? The first attempt to shore up the dollar was only partly successful, and inflicted heavy losses on Japanese investors. But now our plotters have learned from their mistake. This time, the dollar is appreciating to keep the Japanese institutions happy."

"My dear Holmes," I exclaimed, "what kind of internal Oriental scheming are you hinting at? If what you say is true, the dollar will rise to levels at which it will cause the ruination of the American economy. Without foreign tourists, Disney World will go out of business."

"Precisely," he replied. "In particular, penetration of the American markets will become easier for foreign manufacturers. And there is more besides. Although it may be true that for the time being the fall in American bond rates has encouraged a stock market boom, in due course the reality of falling profits will become evident. The value of compa-

nyes in America will fall, and our determined group of conspirators will be able to buy them up cheaply."

"And yet, some clues still escape me. To rely on tempting Japanese institutions with dollar gains seems inadequate. For the investor, whether in the West or the East, greed is a powerful motive, but it is fear that is the overriding one, especially fear of political and economic instability."

"It is a note from my broker, Watson," he explained. "It appears that another Japanese prime minister has resigned through scandal. This can be no coincidence. Everything is beginning to fall into place."

Sherlock Holmes laid down his pipe. "My deductive methods lead me to conclude that the conspiracy has gone further than even I had supposed. When you have eliminated the impossible from an investigation then whatever is left, however improbable, must be the truth."

So saying, he seized his hat and his cloak. "There is work to be done," he cried. "Come, Watson, to Grosvenor Square and the American Embassy. I fear that there is not a moment to lose!"

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Being a further continuation of the reminiscences of John H. Watson, M.D., late of the Army Medical Department.

It was in the summer of '89 that I observed that my friend Sherlock Holmes was taking an unusual and uncharacteristic interest in financial matters. So much so, indeed, that he began to neglect his normal devotion to the detailed criminal coverage of the Daily Telegraph in favour of regular perusal of the Financial Times.

On one particular morning he became increasingly excited, and began to pace up and down the room. Eventually he appeared to come to a conclusion, then thrust the *FT* into my hand. "Well, Watson," he demanded, "what do you make of that?"

He indicated a story describing movements on the financial markets. "Why, Holmes," I replied, "it appears that the dollar has become peculiarly strong, and the US Treasury bond market likewise."

"Precisely," said he, "and yet the American balance of payments remains weak. The twin deficits are only being gradually eroded. It is exceedingly strange." His expression became solemn. "I fear that we are seeing the results of a very great conspiracy, which may yet have grave consequences for us all. It could indeed amount to the greatest act of treachery in all history."

I gasped with surprise. Could this be another of Professor Moriarty's evil schemes? I asked. "In this case, I think not," Holmes replied. "I detect

a different kind of intelligence at work — perhaps, indeed, not a single mind at all, but a kind of... consensus."

"The central puzzle," he went on, "concerns the question of the currency losses which are being suffered by Japanese investors on their dollar bond holdings."

"Aha!" I countered triumphantly. "You are surely out of date! There have been no such losses — not in '89, anyway. The dollar has appreciated by more than 12 per cent against the yen this year!"

Holmes paused for a moment to light his pipe, then spoke again. "You are indeed correct, my dear Watson," he exclaimed. "But you miss my point. The puzzle is precisely that there have been no losses."

He produced a Japanese statistical handbook. "You will remember that the previous year was a particularly important year for substantial Japanese private sector investment in foreign currency bonds was '88," he said. "In that year alone new purchases reached over \$100bn, more than 70 per cent denominated in US dollars. Yet after the Plaza accord of the previous October the yen was inevitably going to appreciate substantially against the dollar."

Holmes drew thoughtfully on his pipe. "It has been calculated," he continued at length, "that Japanese investors suffered currency losses equivalent to many tens of billions of dollars during the next two years."

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MARKETS

Finance & the Family: This Week

PEPS: the big opportunity that shouldn't be missed?

Personal equity plans are now considered to be a "good thing" for investors and many financial advisers say they are an investment opportunity that shouldn't be missed. New schemes are launched every week and you can use them for a wide variety of things — even paying school fees. It's all a far cry from 1985 when the scheme was launched and greeted with universal scorn. John Edwards surveys the progress of PEPS and looks at their future. Page III

Mortgage arrears on the rise

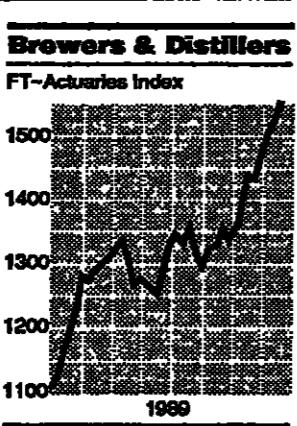
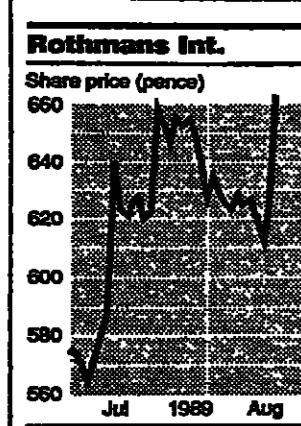
A growing number of home-owners are facing the crunch from rises in mortgage interest rates over the past year, and are falling into arrears. From the lenders' point of view, trying to cope with this situation has become the dominating feature of the mortgage market in 1989. Page IV

Measuring the risk factor

In the post-crash world, unit trust investors have become much more aware of risk. But a new measuring tool introduced by the Micropac statistics service could prove useful for rating the 1,300 trusts now available according to risk. Page V

The lure of 'phantom' options

The takeover of the Gateway food stores chain has put the spotlight on an increasingly popular form of employee benefit known as "phantom" share options. But how does the scheme work? Page V

■ EXPATRIATES: Home, unequal home. Page IV**■ BRIEFCASE: Your questions answered. Page V****Brewery sector makes ground**

The brewery sector, already boosted by takeover speculation in Scottish & Newcastle, made further ground on the stock market this week after a front page story in the press highlighted bumper summer sales of wines, spirits, beer and soft drinks. Although there was nothing new in the story, it reinforced the market's view that the spell of hot weather should have a significant favourable impact on company earnings in the sector. Analysts also believe that the restructuring of the domestic beer market in the wake of DTI-imposed controls will improve the market rating of leading stocks like Bass, Whitbread, Allied Lyons, Grand Metropolitan and Guinness. Patrick Harverson

Market boost for Rothmans

Growing realisation of the asset strengths and earnings' potential helped shares in tobacco group Rothmans to sparkle in the stock market this week. A rumour that one of the two major shareholders (US tobacco giant Philip Morris and Swiss group Richemont) was preparing to sell out to the other was discounted by City analysts, who were quick to point out more fundamental reasons for Rothmans' rise. These included good recent results from overseas associates in Australia and Malaysia, the London listing of Philip Morris, continued recovery in tobacco profits, favourable exchange rates, and a recognition of the value of the group's luxury goods interests in Dunhill and Cartier. P. H.

More mortgages for women

Women today account for a larger chunk of the mortgage market than 10 years ago, according to a survey from the Nationwide Building Society. The survey reports that the proportion of the building society's borrowers who are women has doubled from 10.3 per cent in 1978 to 20.7 per cent in 1988. And whereas a decade ago 53 per cent of the loans made to female customers went to single women, last year 71 per cent were made to that group. The average price of properties bought by women has increased by 275 per cent in the past 10 years (compared with 257 per cent for men) even though the average annual income for women has risen by less than for men — in other words, by 157 per cent against 172 per cent. Sara Webb

Annual reports face the axe

The glossy annual reports so familiar to shareholders may become a rare sight from next year. Listed companies will no longer be required by law to send them out, but will be able to send summary financial statements — perhaps running to just one sheet of paper — instead. All shareholders will be able to request the full version free of charge. The Department of Trade and Industry is now seeking views on whether shareholders should be able to obtain full reports, and what the summary versions should contain. The matter has an important bearing on the way companies communicate with their shareholders. This will be your last chance to influence the government's thinking on the subject. Write to DTI, Companies Division, Room 519, 10-18 Victoria Street, London, SW1H 0NN. Comments by October 31. Richard Waters

Wonder drug puts Wellcome in the big league

IF YOU bought Wellcome shares on flotation in 1986, the value of your investment would have increased more than five-fold. Much of the gain has come in the past fortnight as two US studies on the effectiveness of Wellcome's anti-Aids drug, Retrovir, have come down firmly in its favour.

Retrovir probably will be administered to patients who have the Aids virus but do not show symptoms of the disease.

There could be up to 50 times as many people in this category as actual Aids sufferers as it can take between two and eight years for them to develop the full-blown disease after infection, and many more for them to die.

Unpleasant though those statistics are, they mean that there will be a lot of Retrovir users who will have to take the drug for a long time.

The news that Retrovir is likely to be one of the world's biggest-selling drugs of the next decade, and Wellcome will be thrust into the realm of the world's top pharmaceutical companies.

The blockbuster drug is the Holy Grail of the pharmaceutical industry.

Investors might remember

LONDON

Footsie is boosted by star performers

THE NEAR-unanimity of market analysts last weekend that equities were due for a dramatic correction due to the summer's challenging advance of some more excitable brethren talking in hundreds of points — perhaps made it inevitable that the FTSE-100 would end the week at another post-crash high. A correction did come on Monday, when the index fell 28.3 points, but all of the decline — and more — was made up quickly made up. Footsie ended the week with a total 20.5-point advance to 2,751.

Was this a case of crying wolf or was it only a reprieve? By the end of the week, analysts were still wary of the sustainability of the strong run and confident that their warnings would eventually be vindicated. But the wilder comparisons with the summer of 1987

had evaporated. The market got timely support throughout the week from a slew of UK economic statistics which came in on the positive side of expectations, and from a US trade deficit of \$3.2bn in June, the lowest monthly figure in five years. At home, seasonally adjusted retail sales' volumes fell by 0.6 per cent from June to July. As the index fell 28.3 points, but all of the decline — and more — was made up quickly made up. Footsie ended the week with a total 20.5-point advance to 2,751.

Footsie was helped by star performers within its ranks. Acting the role of Horatius at the bridge on Monday was PTR, buoyed in the red tide by speculation about its future relationship with US leveraged buy-out specialists Kohlberg Kravis Roberts, and about what financial schemes chairman Sir Owen Green might be pondering. PTR added 11p to 45p on Monday, one of only five Footsie shares to rise that day, and finished the week at 43p. On Friday, it was Wellcome's turn. It shot up 16p to 70p after a second US government study within weeks proved the efficacy of AZT on Retrovir, in the early stages of Aids.

If conventional wisdom is true, one straw in the wind that the market might be nearing a peak was a rash of rights issues. Queens Moat Houses,

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HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2375.1	+20.9	2375.1	1782.8	Satisfactory economic data.
Bass	1119	+41	1120	793	Boozy drink sales.
Body Shop	470	+58	474	240	Inv. demand & shortage of stock.
Euro. Home Prods	176	-23	294	167	Interim trading profits sharply down.
Gen. Accident	1010	-45	1065	858	Half-year profits fall more than 13%.
KCI	1269xd	-52	1347	1012	Fears of bulk chemical downturn.
Priest Marians	535	+42	536	398	Spec. over ex-chairman's 25% stake.
Rothmans	670	+50	670	425	Possible break-up candidate.
Slough Estates	395	+30	404	294	Hopes of Nth American/European bid.
Sotheby's	1875	+337	2050	544	Bid talks. Good art market.
Termec	289	-18	374	228	Large seller operating.
Tiphoo	500xd	+28	538	415	Raised bid for Sea Containers.
Wellcome	673	+150	685	400	US trials back anti-AIDS drug.
Western Motor	788	+151	826	530	In MBO talks.
Yale & Valor	360	+22	380	307	Williams Hedges increases stake.

WALL STREET

Investors cast off their bonds

2,440 — a level it had reached last April when long-term interest rates were still above 9 per cent.

In the next five weeks, however, the Dow jumped 11 per cent to last week's peak of 2,713. It managed to do this with no help at all from the bond market, where long rates stayed stuck around 8 per cent.

There was nothing very surprising about this behaviour, despite the widespread belief on Wall Street that equity and bond prices have to march in lockstep. For there are two quite separate forces that can drive equity prices upwards.

There was nothing very surprising about this behaviour, despite the widespread belief on Wall Street that equity and bond prices have to march in lockstep. For there are two quite separate forces that can drive equity prices upwards.

The only justification for this wild bond rally was fear of a recession within the next 12 months. Such fears (or hopes, in the bond investors' parlance) were never really justified either by the economic statistics or by analysis of the Federal Reserve Board's policy stance. Nevertheless, the equity market was understandably reluctant to celebrate an economic outlook that could have meant disaster for corporate profits.

It was not until July, after the main part of the bond rally already was over, that the jubilation really started in the equity market. On June 30, when the long bond yield fell to 8 per cent for the first time this year, the Dow Jones Industrial Average stood at only

nines may already be valued very highly and enjoy P/E ratios well above the market average. At present, for example, companies like Coca-Cola, Disney and Procter & Gamble are trading at P/E ratios of around 20 times, against a market average of 14. During a period of declining interest rates, however, these high P/E stocks remain popular both with analysts and investors for there is always the hope that the market's general attitude to "reasonable" valuation levels will become more liberal as interest rates continue to fall.

An altogether different type of market rally can occur when

economic growth is picking up, or even stabilising after a temporary slowdown. In periods like this, interest rates may be rising but so are the profit expectations of cyclical companies, not only in the manufacturing sector but also in economically-sensitive service businesses, such as air transport and trucking.

If market fears of a recession have driven down their valuations to extremely bearish levels, it could be sufficient for their profits to stabilise, or even to fall less abruptly, than

"There could easily be another surge in equity prices"

Falling interest rates can raise stock prices by making dividend yields and price/earnings ratios more attractive in relation to the returns available from fixed interest investments. This is the kind of inflation-driven bull market that Wall Street does not enjoy. It tends to push up the stock prices of companies with very good growth records and good prospects of resisting the economic slowdown usually associated with declining interest rates.

Such steady-growth companies

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holding to less than about 50 per cent. Below that level, the possibility of issuing new shares — in employee incentive schemes, for example — might dilute the Trust's holding to below the critical level.

Some in the City think a share sell-off is unlikely. The alternative, if the Wellcome trustees want to see more cash come from the success of Retrovir, is to ask the board of the pic to increase dividends paid to shareholders.

They say that at around 700p, there might be profit-taking from more speculative investors, pushing the price down.

For investors prepared to stay around for the longer run, though, Pla and de Pase are sticking with their view that Wellcome is a good home for your money.

Anatole Kaletsky

Monday

Tuesday

Wednesday

Thursday

Friday

2677.52

- 0.67

2687.78

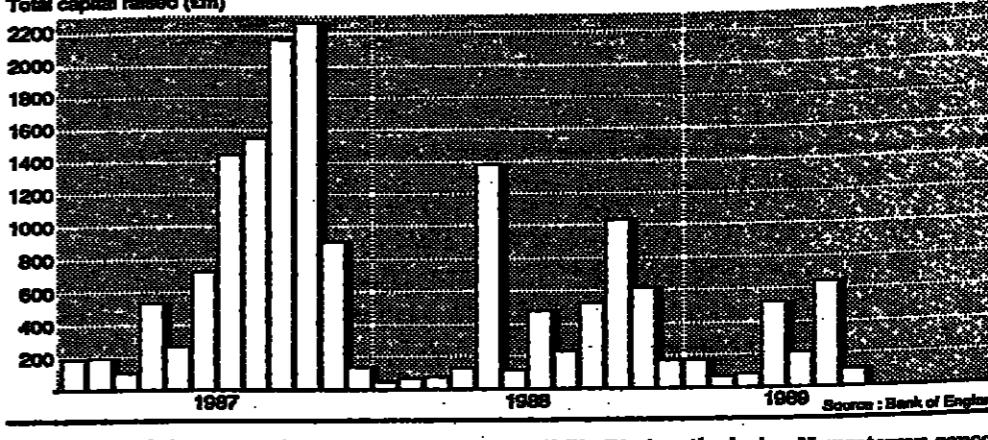
+ 0.82

2688.25

+ 0.51

2678.63

- 13.62

Rights Issues

that Ward White's Philip Birch will be on his bike when a £214m cash call to fund its UK expansion without taking on sterling debt. The issue was the fourth-largest this year and the biggest since RTZ's £245m in May. It helped to raise the total so far to £2.71bn, against £2.44bn at the end of August 1988. Also going to shareholders were Laird Group, the sealing systems and engineering company (for £35m), and Explaura Holdings, the Newfoundland limestone miner (for £21.6m).

Less happily, shareholders of two troubled retailers, MFI and Lowndes Queensway, also found themselves being asked to cough up more cash or face dilution of their equity. Both companies, burdened by debt from leveraged buy-outs in 1988, unveiled long-awaited refinancing packages. But a more sanguine perspective on retailing came from W.H. Smith's full-year results, even though its 27 per cent increase to £28.7m pre-tax was matched by a much larger contribution from property profits than in 1987-88.

In the same sector, Boots bought sufficient Ward White shares to raise its holding to the maximum permitted 29.9 per cent. The defence estimated interim profits of £23m and the two sides squabbled over a DIY survey, but there appears to be every chance

the hotelier, led the way with a £214m cash call to fund its UK expansion without taking on sterling debt. The issue was the fourth-largest this year and the biggest since RTZ's £245m in May. It helped to raise the total so far to £2.71bn, against £2.44bn at the end of August 1988. Also going to shareholders were Laird Group, the sealing systems and engineering company (for £35m), and Explaura Holdings, the Newfoundland limestone miner (for £21.6m).

Two leading composite insurers reported declines in interim pre-tax profits, Royal dropping 22 per cent to £15.1m and General Accident falling 13.5 per cent to £12.5m. The latter announced a raft of executive promotions, including Nelson Robertson as general manager-designate. Missing from the list was the price architect of GA's ill-starred move into New Zealand, which accounted for first-half losses of £2.2m.

A fortnight after the Big Four clearances set the pace on Third World debt provisions, Standard Chartered came along with its own £200m write-down on problem loans which pulled the bank into a £25m pre-tax loss at the interim stage.

Standard used the occasion to unveil a recovery plan, which included reducing overheads. British Telecom had happier news, lifting pre-tax profits by 4 per cent to £50m in the first quarter despite a squeeze on margins.

Clay Harris

JUNIOR MARKETS

Storm signals over profits

THOSE WHO enjoy seeing the mighty fallen should keep tabs on some of the junior markets' most glamorous shares. A recent sizing of profit warnings shows that even the highest-profile companies have not escaped the strains of rapid expansion and the economic slowdown.

FINANCE & THE FAMILY

John Edwards explains why many advisers think personal equity plans are good for investors

All you ever wanted to know about PEPs

PERSONAL equity plans (PEPs), the tax-free schemes introduced by the government to encourage wider share ownership, are now generally considered to be a "good thing" for investors, following the radical changes made in this year's Budget. Indeed, many financial advisers claim that they are an investment opportunity which should not be missed, especially since it seems unlikely that PEPs would survive if the Conservatives lost the next election. In other words, buy now while (Fury) stocks last.

There is an estimated potential market of 5m investors for PEPs. Certainly the range of PEP schemes has broadened: new ones are launched virtually every week; there are PEP mortgages (even the mighty Halifax agrees that they are an acceptable vehicle for repaying home loans); and they are touted as ideal schemes for paying school fees and for providing additional tax-free "per-

sonalities" so costly to run were removed; and

the money invested no longer has to be locked away for a minimum period of a calendar year and a day.

Now, in theory, you can invest one day and take the money out the following day.

The only restriction is on the amount you can put in annually: £24,800. Once you put any more in, that counts against the £24,800 even if you take it out the next day.

A competitive race during the implementation period this year between the old-style 1985 calendar year PEPs (with a maximum investment of £2,000) and new-style PEPs (with a maximum investment of £24,800) has been won by the new-style PEPs.

Another important innovation is that the tax-free concession applies to dividends paid out to investors, not just to those re-invested in the fund.

So investors can use PEPs as a vehicle for receiving gross dividends and they do not have to be declared to the Inland Revenue. Neither do any capital gains made.

The ability to take out your money when you like, to receive tax-free dividends, and to invest a lot more than previously has obviously made PEPs much more attractive. In addition, the removal of most of the rules and regulations has also reduced the costs incurred by plan managers, so charged have fallen.

The increase in the amount that can be invested in stand-

alone unit or investment trusts (from £250 to £2,000) means that unit trust groups are now offering PEPs with no additional charges at all. You are, therefore, able to invest in a unit trust PEP and take advantage of the tax-free concessions without having to pay any

'If you believe shares are a good long-term investment then PEP funds have to be considered.'

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thing extra. If the dividends are re-invested, as some PEP managers insist, the fund should perform better, because no tax has to be deducted. Income unit trusts in a PEP wrapper can pay dividends instead of deducting tax.

Some PEP schemes cater for

discretionary PEPs, where they make the decision about which shares to buy and what proportion should be placed in unit or investment trusts.

There are about 40 unit trust-only PEPs, several of which are managed by groups with a top-class UK investment record. However, the maximum you can invest in a stand-alone unit trust or investment trust PEP is £2,400. So, if you want to invest more, either now or later, you should check if the company is also offering a share PEP that can be used for topping-up to the maximum amount of £24,800. Several unit trust plans that can be invested in stand-alone unit trusts or investment trusts.

In many cases, you can choose from a selection of unit trusts although the range normally is limited to a few being offered by the plan manager's group. Otherwise, there is no choice or the manager makes the selection.

There are several "choose-your-own-share" PEPs – but, however, are offering share

new issues, either exclusively or together with other shares, although you have to place the shares in the scheme within 30 days of allocation. The government concession was believed to have been made with forthcoming privatisation issues in mind so that small investors would be encouraged to hold onto their shares.

One new restriction introduced in the Budget was that PEP unit or investment trusts must have at least 75 per cent of their holdings in qualifying UK shares, so the percentage that can be invested abroad is even more limited than before. Since most of them do not meet the 75 per cent qualification, investment trust groups have been very slow to jump on the PEP bandwagon.

As a special concession, primarily to the investment trust industry, the Government decided to allow up to £750 to be put into a trust which doesn't meet the 75 per cent rule. However, if you do that the rest of your investment is to be invested in UK shares.

There is another problem. If you do invest in a unit or investment trust-only PEP, you may be disqualified from using up your full £24,800 entitlement. That is because you are only allowed to use one PEP plan manager each year, and if that manager is only offering a unit trust version (such as M & G does) then you are stuck with the maximum limit of £2,400. So if you want to invest the

full £24,800

you have to go to a

group that is either offering a unit trust and share PEP, or simply a PEP investing

entirely.

With share PEPs, investors

need to check other points. For

a start, charges vary

enormously.

Some managers have

an initial (entrance) cost,

an annual management fee based

on the value of the fund,

and dealing costs.

It can be an

expensive way to buy shares

so you should look carefully at

the total costs.

Second, there are restrictions

concerning the amount

you can put in. Some managers insist on taking the maximum amount, while others will take smaller lump sums or even monthly savings. Because of the relatively small amounts involved, many managers limit the number of shares that can be included in a PEP portfolio. Even if they don't, the minimum dealing commission charges make it impractical to buy many shares.

It is an old adage that tax savings alone are not a good enough reason for choosing an investment, and PEPs are no exception. Tax free does not mean risk free. If anything, there is a higher element of risk with PEPs than with a normal share portfolio because of the limits to the amount that can be invested to achieve a good spread and the forced concentration on London market stocks.

If you are considering taking

out a PEP, your first decision

should be whether you want it

to be in shares. If you want to

invest in a UK unit trust, it

seems silly not to take advantage

of the tax concessions

Share PEPs have less obvious attractions, unless you are liable to pay capital gains and top rate income taxes. While a tax exempt fund should perform better, the extra costs and restrictions may offset a lot of the tax benefits.

If you believe that shares are

a good long term investment,

then PEP funds have to be considered.

The provision of tax

free income in future years is

an obvious attraction for those

near retirement, while PEP

mortgages have a lot to com-

mand them (they are not as tax

efficient as pension mortgages,

but they are a lot more flexible

and less expensive than both

pension and endowment mort-

gages, if slightly riskier).

FS Assurance on course to change status

is the first mutual to change its status in recent times, and it is also the first time that a mutual life assurance company is being acquired by a building society.

Other mutuals are watching closely because they too may decide to take the same path - a path which FS has chosen because it believes that with the decline of the independent financial adviser, it will find business hard to come by without a sizeable distribution channel.

The critics say that FS is being sold too cheaply. The most prominent among them is Colin McLean, a former deputy general manager.

He believes that FS could have held out for a higher price and questions whether the valuation takes full account of the improvement in FS's portfolio caused by the 30 per cent rise in the stock exchange this year.

McLean also challenges FS on its decision to exclude holders of assured growth policies from a share of the bonus being paid to with-profit policy holders.

He contends that holders of this type of policy, who also obtain discretionary bonuses, should be treated like with-profit policy holders.

At the extraordinary general meeting he claimed that the deal amounted to a distress sale of FS. The Glasgow company's expense ratios had deteriorated as a result of salary increases for staff, the chairman and managing director - which were well in excess of average pay rises.

The next stage is for FS to petition the Court of Session to allow it to change its status. Opponents will then have three weeks to register a challenge.

McLean will try to contact other holders of assured growth policies to mount a co-ordinated challenge, but he says he would probably drop his challenge if FS improved the terms for this category of policyholder.

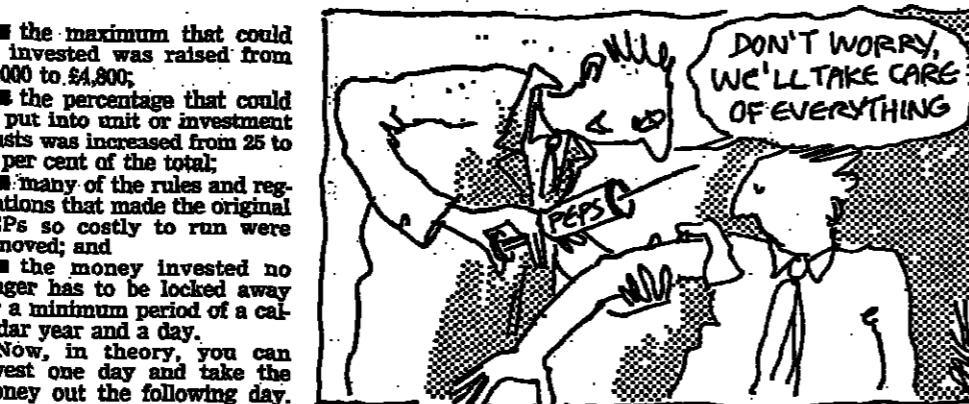
The remaining £12.25m is to be paid into the policyholders' fund of the new Britannia Life.

It will be credited to individual FS policyholders according to a complex formula. This sum is said to represent the "embedded value" of the company.

The remaining £12.25m is of interest to more than the 34,000 people who hold policies with the company for two reasons: for a start, FS

has no intention of doing so.

James Buxton



vehicle for receiving gross dividends and they do not have to be declared to the Inland Revenue. Neither do any capital gains made.

The ability to take out your money when you like, to receive tax-free dividends, and to invest a lot more than previously has obviously made PEPs much more attractive. In addition, the removal of most of the rules and regulations has also reduced the costs incurred by plan managers, so charged have fallen.

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There are about 40 unit trust-only PEPs, several of which are managed by groups with a top-class UK investment record. However, the maximum you can invest in a stand-alone unit trust or investment trust PEP is £2,400. So, if you want to invest more, either now or later, you should check if the company is also offering a share PEP that can be used for topping-up to the maximum amount of £24,800. Several unit trust plans that can be invested in stand-alone unit trusts or investment trusts.

In many cases, you can choose from a selection of unit trusts although the range normally is limited to a few being offered by the plan manager's group. Otherwise, there is no choice or the manager makes the selection.

There are several "choose-your-own-share" PEPs – but, however, are offering share

Eric Short

Why wives should look offshore

MANY MARRIED women may be well advised to set their sights offshore in preparation for independent taxation, which starts next April, especially if they are non-earners. At the moment, building societies and banks have to deduct tax, which cannot be reclaimed, at a composite rate of 21.75 per cent from all deposits held by UK residents. Married women who do not have their own income and who do not pay income tax still receive their interest net of composite rate tax (CRT) and thus pay tax for which they are not liable.

The Inland Revenue says that CRT is very unlikely to be abolished and that it is not considering the introduction of concessions for non-earners. So, if you are a married woman with no earnings, who will receive a personal tax allowance with effect from

April next year, you would be well advised to place your savings offshore, where the interest is not deducted at source.

The Inland Revenue says that it is not considering the introduction of concessions for non-earners.

Non-earning wives can also avoid paying tax if they put their money in National Savings Bank products which

Sara Webb

pay interest gross, such as the new Capital Growth Bonds. Alternatively they can choose investments where the tax deducted at source is reclaimable, for example shares and unit trusts.

However, shares are far riskier than bank and building society deposits. But authorised unit trust "money funds" which invest in the money market can provide a less risky alternative. Non-taxpayers can reclaim the tax deducted at source (basic rate 25 per cent) from the Inland Revenue. For a married woman, with a low income or no earnings at all, the unearned income can be offset against the planned new individual tax allowance provided that the investment is in her own name, and applies to income received after April 5, 1990.

Non-earning wives can also avoid paying tax if they put their money in National Savings Bank products which

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However,

FINANCE & THE FAMILY

THE WEEK AHEAD

Cables growth lifts BICC

CORPORATE profit reporting slows to a crawl next week and appears set to remain at this pace for several weeks. BICC, the cables and construction group, is by far the biggest company reporting next week and will announce interim results on Tuesday. Forecasts are for a rise in pre-tax profits from £28m to about £56m in the six months to end-June.

The results will reflect further substantial international expansion in 1988 of the cables business: a strategy which has been the hallmark of the second phase of programme of re-organisation at BICC being carried out under the stewardship of Sir William Barlow, chairman, and Robin Biggam, chief executive.

In particular, the first half will have enjoyed benefits from Ceat Cavi, Italy's second-largest cable manufacturer, which BICC bought for about £29m last year. There will also have been good volume growth in North American cable businesses and help from rationalisations in Australia. Meanwhile, Balfour Beatty, the construction subsidiary, will have performed strongly.

However, as a result of less favourable conditions for the pur-

house-building side of Balfour Beatty's operations, combined with the normal seasonal bias to the cables business, analysts are looking for a rather slower rate of growth in the second half.

The rigorous effects of the Financial Services Act on unit trust business, and the aftermath of the stock market crash in October 1987, made 1988 a difficult year for Britannia Arrow, the fund management and financial services group chaired by Lord Rippon of Hexham. But 1989 should present a rather rosier picture and analysts are committing themselves to pre-tax profits forecasts of around £17.5m (and hoping for more) when the company reports for the six months to end-June on Thursday. This compares with £15.7m last time.

The group's substantial US operations have been expanded in the period following the pur-



Lord Rippon



George Russell

chase last December of the outstanding 55 per cent of Invesco, the US pension fund manager.

Overall, the strength of the dollar, better world markets and a slight improvement in UK unit trust business should have combined to lift the fund

management side. Insurance, however, will have been held back by rationalisation costs.

Marley, the building materials and motor components group, announced its interim results on Thursday. Analysts are looking for pre-tax profits

of £33m, up only fractionally on the £31.2m achieved in the same period last year.

The flat performance reflects the downturn in the housing markets in both the UK and US. The group has a relatively high exposure to the south of England, the worst-affected area for the construction sector. Bricks, tiles and building blocks are expected to have suffered most.

The automotive components division will have incurred more start-up costs during the period but is expected to see an improvement of about 10 per cent.

Analysts expect the second half to be equally tough and are looking for full-year figures of about £33m compared with £70.2m last time. In June, George Russell, who is also the chairman of the IBA, succeeded Sir Robert Clark as executive chairman.

Weir Group, the Glasgow-

based engineering company, has been experiencing buoyant trading conditions during the first half which will be reflected in the announcement of strong results on Wednesday.

Analysts are expecting the company, chaired by Lord Weir, to return pre-tax profits of around £9.6m during the June half compared with £7.8m in the previous corresponding six months.

Such a result would set Weir on course for a record full-year result. Traditionally, the second half makes the largest contribution to the annual result and the company is likely to report full pre-tax results of at least £21.5m against £17.7m last year.

Weir has achieved a sound industrial and geographic spread of orders which are standing at £210m, substantially in excess of the likely annual turnover figure.

Increased spending in the UK water industry in the run-up to privatisation will strengthen the order book considerably in future years. Pump production for water supply and sewerage at present comprises 16.4 per cent of the order intake.

Company	Announcement date	RESULTS DUE		
		Dividend (p)	Last year	This year
FIDAL DIVIDENDS				
Aerospace Engineering	Tuesday	1.30	1.30	1.30
Cullen's Holdings	Tuesday	1.0	1.0	1.0
Davies DY	Tuesday	1.5	1.5	1.75
Goodwin Europe	Wednesday	2.6	2.6	2.6
Heston & Sons	Wednesday	1.0	1.0	1.0
Herburger Brooks	Wednesday	0.95	1.10	0.95
Mairmer Holdings	Wednesday	0.53	0.4	0.5
Newmark Leisure	Monday	-	0.05	0.05
Robertson Group	Thursday	0.9	2.7	1.1
Scottish English & European	Thursday	1.8	3.7	1.1
Sheldan Jones	Monday	1.05	1.05	1.05
INTERIM DIVIDENDS	Monday			
ABE Kent Holdings	Thursday	1.5	2.0	-
Barr & Wallace Arnold	Tuesday	4.75	11.25	-
BICC	Thursday	3.4	5.0	-
BPP Holdings	Thursday	2.0	3.0	-
Bridgehouse	Thursday	2.0	3.2	-
Britannia Arrow Holdings	Thursday	1.25	1.00	-
Business Technology Group	Tuesday	1.05	1.05	-
Cambridge Electronic Inds.	Friday	1.05	2.0	-
Cattle's Holdings	Thursday	4.2	6.75	-
Conroy Petroleum & Nat. Res.	Monday	0.5	0.4	-
ESC Group	Tuesday	1.0	7.0	-
Equity & Law International	Monday	2.4	3.3	-
Evans Halshaw Holdings	Thursday	-	0.4	-
Executive Interiors	Thursday	1.5	2.5	-
Gold & Beta Metals Mines	Monday	1.18	2.15	-
Gold Holdings	Friday	4.0	4.0	-
Imch Kenneth Kalman Rubber	Friday	1.5	4.1	-
John Clegg	Monday	0.3	0.7	-
Kation Group	Tuesday	4.0	4.0	-
Leed Refrigeration	Thursday	1.7	4.25	-
Leeds Docks & Harbour Co.	Wednesday	1.45	1.15	-
More O'Ferrall	Wednesday	2.4	2.0	-
Palms Group	Monday	1.05	1.5	-
Randall Group	Monday	1.44	2.85	-
Richmond Workwear	Monday	0.8	1.2	-
Scandinavian Bank Group	Tuesday	2.82	5.68	-
Scottish Eastern Investors	Tuesday	1.0	2.0	-
Scottish Investment Trust	Wednesday	0.65	1.10	1.15
Stobart	Friday	-	0.25	-
Tilley International	Tuesday	14.0	26.08	-
Tropicana Mines Malaysia Berhad	Wednesday	3.1	3.15	-
Victrix	Wednesday	0.27	0.21	-
Wet City of London Properties	Wednesday	2.25	4.75	-

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David Barchard examines the attitude of the lenders as many borrowers start to feel the pinch

Interest rate rises push up mortgage arrears

WITH INTEREST rates much higher than they were a year ago, many borrowers are feeling the pinch, especially those who entered the housing market in the spring of 1988. This week, the Building Societies Association published figures which show there has been a definite - although so far modest - upturn in the number of people with their mortgage payments more than six months in arrears.

This figure is, of course, only the tip of the iceberg. Jim Murgatroyd, assistant general manager of the Halifax, the largest UK mortgage lender, says his society was aware a year ago that many lenders were going to be put under strain by interest rate increases. Since April, when the most recent adjustment was made, rates climbed from 9.8 per cent to 13.5 per cent, which is where we are trying to hold them. But we had been

warning people months before hand that a hefty increase was coming and that times would be tough.

Halifax is holding its own mortgage rate to 13.5 per cent even though the banks base rate, which sets interest levels in the money markets, has been 14. Murgatroyd says the society will do this "as long as we can."

All mortgage lenders are aware that many borrowers are under great pressure at the moment because of high interest rates. Trying to cope with this situation has become the dominating feature of the mortgage market in 1988.

In fact, most of the new-style low-start and deferred-payment mortgages appearing on the market this year are designed for people who find it difficult or impossible to keep up with their original schedule of payments on a standard variable rate mortgage.

Switching to a different kind of mortgage can trim your monthly outgoings but re-mortgaging has its own costs (for example, a new survey and

legal fees) which may offset any gains from reduced payments for several months. And there could be other disadvantages.

Low-start mortgages often mean substantially higher monthly payments after two or three years.

Those who find they simply cannot pay their monthly outgoings in full should review the situation early

lenders get understandably angry when their first intimation that a customer is in trouble comes from a bouncing direct debit order.

People with serious arrears' problems fall into two classes. There are those who simply

not be apparent to the borrower who has let unsecured debts pile up elsewhere for several months before defaulting on a mortgage payment, so bringing the roof over their head like a leopard.

Mortgage lenders are aware of this, and their general policy is to avoid panicking the borrower with impossible sudden demands. Their usual line with problem borrowing is to watch for six months or so to see how the situation develops.

So, if your direct debit mandate does fall because there is too little money in your account to pay, do not take any temporary silence by your mortgage lender as a good sign, or an indication that the default has not been noticed by the computer.

Rather, a prudent borrower should try to ensure that the flow of payment is kept up as much as possible. The less your backlog, the less risk you are in. A total of unpaid arrears equivalent to three months' payments is the sort of level of bad debt

MOTORING

THE BIG saloon had carried me in silent, air-conditioned and leather-seated comfort through the outskirts of Dusseldorf to the Cologne *autobahn*. Across train tracks and over granite sets, there was as little noise and road reaction from the tyres as you expect from a Jaguar.

It handled nimblly and effortlessly in traffic. The controls were silken and the seven-speaker stereo system with CD sounded better than many a domestic hi-fi. The ambience was an agreeable mix of understated good taste and the latest in high technology.

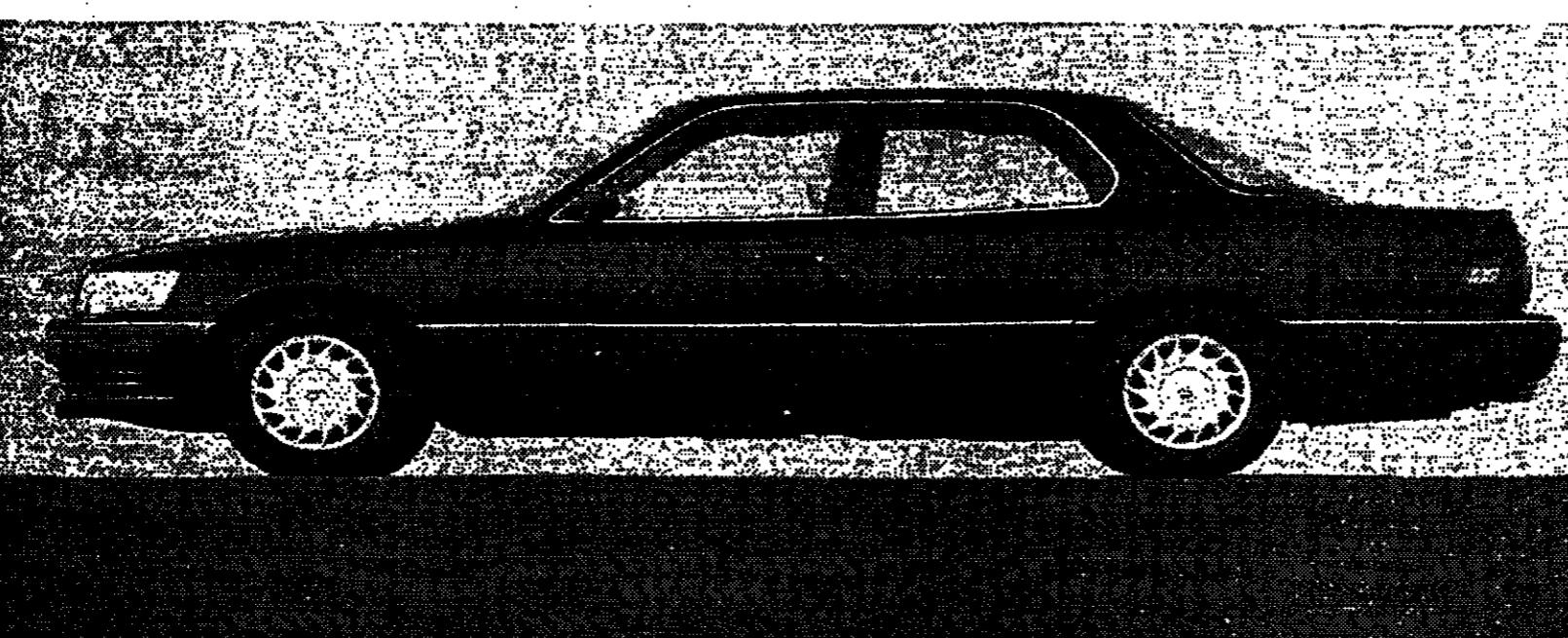
West Germany's *autobahn* system remains a de-restricted oasis in a desert of speed limits; on most of it, you can go as fast as you like, although for how much longer is anyone's guess. There was not much traffic about. Light pressure with my right foot held third gear to a shade over 100 mph (160 kmh) before the transmission shifted almost undetectably into top.

At 135 mph (217 kmh), the tachometer read a little over 4,900 rpm. I could hardly hear the engine and wind roar was subdued. I had a lot of power in hand and the car rode as stably as a liner on a calm sea.

What was I driving? A Mercedes S-Class or BMW 7-Series? It could have been, so easily. But instead of a three-pointed star or blue-and-white quartered disc, the badge on the grille was a discreet "L". It stands for Lexus, the name of Toyota's latest and most prestigious marque.

The Japanese motor industry's success story started with small cars that were good value, fully equipped and dead-reliable. Similar family-sized cars followed. Then, it was the turn of the recreational four-wheel drive market to be sewn-up comprehensively. After that came sports cars setting new world standards in performance and value. Now, Europe's last bastion — the luxury executive car sector — is about to come under attack.

Some models in Toyota's Lexus range can be bought already in the US, although with less-powerful engines than the magnificent four-litre V8 I sampled all too briefly in a LS



Toyota's luxury LS 400... a model of careful design plus an obsessive attention to detail at a probable price between £28,000-32,000

Japan goes for the throat

Toyota leads attack on Europe's executive car sector, reports Stuart Marshall

400 in Germany last week. The LS 400 will reach Japanese showrooms by the end of the year and start locking horns with Europe's best senior executive cars next spring.

A drive of 50 miles (80 km) is a tasting, not a proper test (this will follow, I hope, before too long). But the Lexus LS 400 could hardly have made a better impression.

Shiro Sasaki, executive vice-president of Toyota's board of research and development, had told me his team's objective was to make a car that was "warmly-beautiful, dignified, elegant and driver-friendly". I reckon the team hit the jackpot because the LS 400 is all of these things. Everywhere

you look in this classic, rear-wheel driven car, you find careful design and an obsessive attention to detail.

The 32-valve, four-camshaft engine is assembled by robots. (Human hands and eyes, Toyota explains, are not accurate enough consistently to reach the quality standard required.) Each one is then run on a test bench while a robot-held microphone locates and analyses every source of noise.

Making the car as free as possible of noise, vibration and harshness was a top priority. When noises are tracked down during development, some makers stifle them with sound-damping materials. Toyota does not.

On the Lexus, they had to be designed

out. Only 50,000 Lexus LS 400s are to be made each year, which might come as a relief to the likes of Mercedes-Benz, BMW and Jaguar. Of these, 40,000 will go to the US and a mere 2,000 to Europe, with Britain getting a lion's share of 500. Prices will not be settled until the launch but — in the UK, at any rate — I gather they will be close to those of the Jaguar XJ6. That would make them between £28,000 and £32,000, according to specification.

All will have ABS brakes, air-conditioning and automatic transmission as standard. Air suspension and electronic anti-skid traction control will be optional extras.

Toyota's sights for the Lexus LS 400 are trained on Mercedes-Benz (the no-longer-young S-Class and, possibly, coming larger-engined versions of the 300); the BMW 7-Series; and the six-cylinder Jaguars (also due to get more powerful engines soon).

The Lexus LS 400 could also appeal to owners (more likely user-choosers) of cars such as the Ford Scorpio, Rover Sterling and Opel Senator who want to move up-market. I suspect that only a very nasty Budget surprise from the Chancellor next March will stop the first batch of 800 LS 400s from walking out of British showrooms as soon as they arrive.

When choice defies logic

ONE OF THE endlessly intriguing aspects of motoring is what makes a person buy a particular car. Often, the choice "defies logic". Why, for instance, get a wide-wheeled, high-performance model with a "go faster" kit of aerodynamic aids when it will be used almost entirely for shopping? Or a high-slung, on/off-road, four-wheel drive when it will never leave the tarmac? Just look around: it happens all the time. Why, I don't

know. But it must have more to do with wanting to reflect an actual (or aspired-to) lifestyle than getting value for money.

The choice of make, or country of origin, can be just as interesting. This question is addressed in the latest *Seewells Report on Automotive Marketing*. Seewells asked 1,000 motorists what makes them buy. The Japanese (28 per cent) and the French (25 per cent) have the "warmly-beautiful, dignified, elegant and driver-friendly". I reckon the team hit the jackpot because the LS 400 is all of these things. Everywhere

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that brought home to me why, in less scientific times, country people regarded these shy creatures with fear and suspicion.

Slow-worms are not snakes but legless lizards.

distinguished from the former by the presence of movable eyelids and a broad, flat

tongue (not forked). In

people's minds, though, they were one with snakes and thus, as the old stories claimed, might sting, inject poison and spit fire.

Even when wounded mortally, they would not die until sundown.

Many slow-worms and snakes were, and probably still are, killed deliberately through ignorance. In fact, even the much-maligned adder prefers to effect a hasty retreat rather than attack.

My usual contact with the slow-worm — also known, misleadingly, as the blind-worm — is more prosaic than the seaside example. Late spring marks the beginning

of what I think of as the

Country Notes

Give a worm an even break

IT WAS a still, clear evening after a long day of heat. The sea was so calm that it mirrored the cliffs — a blur of golden brown laid on blue water. Sitting on the beach, around sunset, the only flicker of speed came from some small, snake-like thing moving fluidly among the pebbles, a sliver of bronze gleaming in the pink light. A slow-worm, *Anguis fragilis*, and it disappeared into the compost heap.

Throughout the summer, our cat often announces his arrival home with a blood-curdling triumphant *yowl*, scarcely dulled by the fact that he has yet another of the hairy creatures dangling, like a thick bracelet, from his jaws. In trying to evade the cat, each of the captured slow-worms has evidently parted company with its spinal column, still writhing, acts as a decoy. Since the tail represents roughly half the worm (which, in adults, totals up to 18 inches) the slow-worm appears, disconcertingly, to break in half.

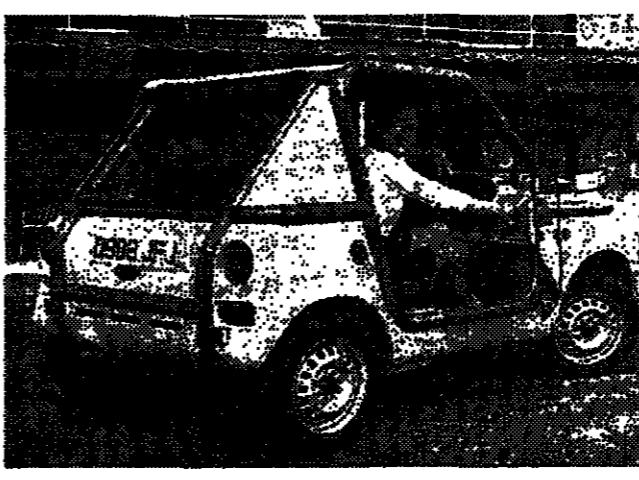
Despite the bloody stump, the wound heals and a new tail grows eventually. Most of the slow-worms survive the attentions of our cat although, once, I opened the back door and found a wormless tail. There was no sign of its owner or the cat.

The young, numbering anything from six to 12, are born late in summer. Each is contained in an egg, composed not of shell but membrane, from which they escape immediately. At this stage they are a shiny, yellowish-silver, 2-3 in. long, and independent. The adult colours are more muted, the females distinguished by their dark sides and belly.

Anguis fragilis is completely harmless — unless you happen to be a slug. Like connoisseurs of good food, individual slow-worms apparently approach their favourite prey style. Some will arch over the prey, grab it round the waist and swallow it whole; some, observed by the country writer, John Moore, "start at one end and chew their way steadily and purposefully to the other." Writer H. S. Joyce kept slow-worms that rejected the skin but sucked out the soft innards, "just as we treat ripe gooseberries."

Bon appetit!

Jeany Poulsen



IS THIS Eco 2 (pictured above) your idea of the ultimate urban two-seater car? It has a 1.1-litre Ford Fiesta engine with catalytic exhaust emission controls, five-speed gearbox and a turning circle of 21 ft (6.4 metres).

The steel tube chassis extending to roof level is clad with impact-absorbing thermoplastic panels. The Eco 2 will be shown at Motorfair in London from October 19-26 and the price is expected to be about £4,000. For information, contact Ringsped Ltd at 0638-517-540.

Which are the British makes of car? Replies to this question show how few customers are really aware of the facts.

Predictably, more than 88 per cent said Austin-Rover was British. About 40 per cent thought Ford was, too, and 33 per cent said the same of Vauxhall.

Actually, a sizeable proportion of the cars Ford and Vauxhall market in Britain are made in Germany, Belgium and Spain. Nearly all the Peugeot 405s sold here are assembled in Coventry, but only 3.2 per cent rated Peugeot-Talbot as a British make.

Nissan, for all its massive investment in north-east England, where the Washington factory produces Bimotors for Britain and mainland Europe, was reckoned to be a British make by just 2.2 per cent.

A bit over the top? Well,

they do have 115-horsepower,

super-charged MG Metro

engines, hide seats, and every

electric and electronic gizmo

you can think of including

the world's smallest car, portable phone, CD player,

and remote-control burglar

alarm.

The hand-made, solid silver

RAC-M30 badge on the back

is one hopes, bolted-on

tightly. Details can be

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The hand-made, solid silver

WEEKEND FT SPECIAL REPORT/COURSES AND CAREERS

Flunked your A-levels or GCSEs? Never fear, there are many options open to you, says Alan Forrest,

What to do if you don't make the grade

IT IS difficult to look at GCSE results without joining the controversy on whether or not it is a good exam. It is not yet even known whether it will stay in its present form, or if it will spill all over A-levels and change the examination system forever. The argument continues, but there isn't much of a pattern to it. Are the people opposing it entrenched elitists, and are its supporters simply people who are committed to egalitarianism in what is, after all, the anniversary year of the French Revolution?

Last year, when the first of the results came in, a survey taken by *The Independent* newspaper seemed to show that the GCSE was a middle-class exam, presumably because it favoured children with parents who could help their offspring. Now other reports tell us that it isn't elitist at all, and that if anything, it favours the plodders.

John Murrell, managing governor of Gabbitas Truman and Thring, one of the UK's leading education consultants, says: "There is no doubt that GCSE academic standards are slightly lower than they used to be. This means that the gap between the new exam and A-levels is greater than it used to be under the O-level system."

However, Murrell sees several strengths in the new exam. "It is an examination based on continuous assessment. The GCSE is designed for the upper 60 per cent of the ability bracket while the O-Levels were based on 20 per cent. Whatever you think about this, you can't say that 40 per cent were stupid, although you might argue that there has been a little leniency in marking during the early stages."

Murrell says that the tragedy of the old O-level exam was that a pupil's performance on a single day determined a whole future – and I'm being quite serious that a girl's menstrual cycle could affect this."

One of the main troubles with GCSEs at present is that the various examining boards are being less flexible about retakes. However, there are many colleges which can offer students the chance to resit their GCSEs.

When choosing any independent college it is advisable to check whether it is accredited.

The size of the independent section in further and higher education is often underestimated. According to a recent report by the London-based Overseas Student Trust there were almost 285,000 overseas students in independent colleges in 1985 – five times as many as in the state sector.

The number of British students was not published, but the report did disclose that there were 400,000 British and overseas students enrolled on correspondence courses in UK independent colleges. This meant that the industry was playing its watchdog role on the not without its "bucket shops," more conventionally academic. So the British Accreditation Council for Independent and Further Education was set up in independent hotel and catering in order to help students and college in Bournemouth. "BAC parents choose a suitable col-



A study in concentration: independent colleges can help you get a better science grade

lege. David Parry, its executive secretary, writing recently, explains its functions:

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WEEKEND FT SPECIAL REPORT/COURSES AND CAREERS

Secretarial skills can open the door to many better-paid careers, says Melanie Cable-Alexander

Make your mark as a go-ahead typist

WHEN MY mother suggested that I should consider doing a secretarial course when I left university, I greeted the idea with horror. "But I don't want to be a secretary," I cried. "Never mind darling," she replied, "you might find it useful."

There seems to be a certain stigma attached to the idea of taking a secretarial course in the minds of most ambitious young graduates or school leavers. They tend to assume, as indeed I did, that it means they have to become secretaries once they finish the course.

This is certainly not the case. Moreover, taking a secretarial course can add an extra qualification to your CV, increase your chances of employment and, in some cases, give you an entrance to the career of your choice. For those still uncertain, it can also provide a few months extra breathing space to decide what career to opt for.

Increasing use of the computer and word processor means that it is a positive advantage in many careers to be able to type. Many people already at work, for example, are having to go back to "school" to learn or re-learn typing skills to use with keyboards. Even some boys' schools have set up classes to teach their pupils how to type and use keyboards.

There are a variety of options open to graduates and school leavers, ranging from evening-class keyboard courses, eight-week specialist "crash" courses, to fully-qualified three-term diploma courses. Prices range according to the type you choose. One that is quite popular with graduates is the intensive 15-week



Secretarial courses and keyboard skills can further your career prospects

short-hand/typing course, which costs on average £1,200.

As to which course is best - it depends entirely on the individual's requirements. Opinions vary about whether it is worth "spending money" and taking a place on one of the well-established secretarial courses, such as St James's or Pitman, or thumbing through Yellow Pages and finding a "cheap" at, say, your local night school. For it is possible, if you are bright and determined enough, to bluff your way into a job with the minimum secretarial skills, in which case there is no need to spend vast sums of money on secretarial training.

The biggest dilemma for graduates, however, is probably not so much deciding whether to do a secretarial course, or even trying to work out which course to attend, but establishing what to do with their skills and whether to use them to find a career.

According to Helen Scarlett of the Graduate Appointments agency, those graduates who take on secretarial work when they leave university would prefer to make their way up the career ladder without using their secretarial skills. They do not come to her seeking to be secretaries, but rather request straight graduate employment.

They get involved with secretarial work only because they have the necessary skills to fall back on.

What is interesting about graduates who take this route, however, is that, according to Helen Scarlett, more than 90 per cent of them have broken out of their secretarial roles by the time they have reached their second job, which takes roughly two to three years. School leavers tend to take a

little longer - probably a reflection of their age rather than their abilities.

Taking on secretarial employment, therefore, can indeed provide a way in through the back door to a career of your choice.

However, most of these graduates tend to be women. This is not because men lack secretarial skills; on the contrary, as a result of the growing demand for keyboard skills an increasing number of men are joining secretarial courses - they find it useful to learn how to type with all eight fingers instead of the traditionally macho two. Rather it is due to the fact that most employers are still reluctant to employ male secretaries. Becoming a secretary and using it as a back door

entrance to a more favourable career is largely only an option for women.

Also, the graduates who use this route tend to be those clutching their arts degrees, or those without a vocational degree, which is a traditionally female domain.

Moreover, arts-related businesses, such as PR, personnel or advertising, are notoriously competitive to get in to, which means it is often easier for these graduates to find work as secretaries in these industries rather than as trainees.

That said, however, there are women who make their way up the City career ladder via a secretarial route. Jane Reichman, now a short-term secu-

ries manager at Dafwa, is one reflection of their age rather than their abilities.

Also, the graduates who use this route tend to be those clutching their arts degrees, or those without a vocational degree, which is a traditionally female domain.

Her secretarial training was minimal, it consisted of a one-week typing course at what she described as "a grubby place in Oxford Street". But this was all that she felt was needed to start her on the right track, as she did not want to make it a career. She also felt that the more qualifications she had as a secretary, the more difficult it would be to break out of her secretarial role.

As a junior secretary you tend to have more contact with

a larger number of people, which Jane believed was important - the more faces you show yourself to, the more people will remember you when it comes to finding someone to fit a job. She believes that if you're bright and determined enough, becoming a secretary can be a feasible way into the City.

The drawback, she thought, was escaping from the label of "being a secretary". Reichman, for instance, found that once she became a sales manager at Shearson Lehman she was still being approached by people to make coffee, arrange lunches and do some typing...

Scarlett, however, thinks that there are several advantages in taking the secretarial route into any job. First, she says, it provides a means of getting a job rapidly - graduate secretaries are much in demand and can more or less pick and choose their jobs.

Second, it offers a means of getting good commercial experience.

Finally, she argues, it allows a student time to think about what career they really want, and whether they are suited to their option.

However, choosing to make your way up the career ladder as a secretary is a lot tougher than joining a company on a trainee scheme - you don't have anyone monitoring your career and every advancement is one that you have to graft yourself. You will also earn less than graduated on trainee schemes.

Taking a secretarial course does not mean that you have to be a secretary, but it does mean that it is easier to drop into that role, particularly if you are female. However, being a graduate secretary can, as my mother so rightly said, be very useful.

Your guide to a jungle of choices

WHEN IT comes to choosing a course or career the old rule applies: it doesn't matter what you know as long as you know where to find it. This often means that students and parents are confronted with a bewildering array of brochures and publications, so here is a brief guide through that particular jungle.

For those looking for one of those nice weekend or summer courses, the choice is simple. There are many guides, but I have found one of the most reliable to be the English Tourist Board's *Activity and Hobby Holidays*. The 1989 edition is still available at £2.95, but some of the prices given for the holidays and courses may be a little on the low side when one considers the recent level of inflation. A new edition will be available very soon.

The ETB's guide is very readable, apart from giving useful information. It puts the holidays available in separate sections, from action and sports and arts and crafts to special facilities for the disabled. It has a special section for children of five and upwards and for older offspring taking a holiday away from their parents.

The National Institute of Adult Continuing Education's *Time to Learn* is also most useful. It includes a comprehensive list of study tours abroad - France, Australia, Moscow and Cuba to name but a few. It is available for £1.50 from the institute at 198 De Montfort Street, Leicester LE1 7QE. The *Gabitas Truman and Thring Guide to Independent Further Education* is one of the best publications to point the way to that college that can offer a GCSE retake or put you on the path to a career outside the academic jungle - in business and computer studies, hairdressing with Vidal Sassoon or cooking with Prue Leith. The new edition will shortly be ready, but the 1988-9 edition still gives valuable information, although perhaps the fees should be double checked.

Some books that may be

useful for students and parents come from Newpoint, now part of Reed Information Services. For example, *Graduate Opportunities* provides information on more than 700 recruiting companies. Other titles in this series include *The City Careers Guide* and *Careers in Chemistry*.

For those determined to face the academic track, no better guide could be recommended than the Universities Central Council on Admissions' (UCCA) *How to Apply for Admission to a University*.

"This is the one that all adventurous students and parents should have." I was told by an educationist who is not involved in publishing. It is available from the council at PO Box 23, Cheltenham, Glos, GL50 1HY.

Brian Heap's *Degree Course Offers*, which covers selection policies and interview questions for universities, polytechnics and colleges, is a hefty but valuable tome. It is published by Trotman and Company at 12-14 Hill Rise, Richmond, Surrey TW10 6UA and costs £9.95.

For those still roaming around in the jungle, here are some useful addresses:

The British Accreditation Council for Independent Further and Higher Education, Middlesex Polytechnic, All Saints, White Hart Lane, London N17 8HR (Tel 01 368 1299).

The Association of Recognised English Language Teaching Establishments in Britain (ARELS-FELCO), 125, High Holborn London WC1 6QD (01 242 3136).

The British Universities Accommodation Consortium, University Park, Nottingham NG7 2RD (0602 422505).

Gabitas, Truman and Thring, 6-8 Sackville Street, Piccadilly, London W1X 2BR (01 734 0161).

International Baccalaureate Office, 18 Woburn Square, London WC1N 3XX.

British Activity Holiday Association, Park Park Centre, Llandrindod Wells, Powys, Wales LD1 6AE (0597 3602).

Alan Forrest

Take your partners for a course

NOT EVERYONE is searching for gongs, grades or a career. There are those who are well established career-wise but who just want to spend a holiday or a weekend doing the kind of things they might have done if they hadn't got trapped behind a desk so early in life. Some might have wanted to be a professional ballroom dancer, twirling round Angela Rippon in miles of tulle. Some might want to have commanded a battalion in battle. Well, all is not lost.

This year's summer school season is now nearly over, but the industry - and we must call it that - has grown enormously in the past few

years. You can still think of summer schools occupying the holiday months of July and August - that's when schools such as Marlborough, Taunton and Millfield throw open their doors for courses, stop school dinners temporarily and move into gourmet cooking.

These courses are well attended (Marlborough reports a 75 per cent booking well before the season starts) and, even now, it might be a good idea to book as soon as the 1990 brochures come out.

However, many places now

offer the summer school type of holiday year-round. The reason is simple. Take a typical family that, because of father's reasonably lucrative job, takes several holidays a year. As a man I know who has taken one "learning" holiday a year with his family for the past five years says: "We don't want to lie roasting on a beach three times a year. A holiday is meant to be a change and it's a change to be intellectually committed in a different way for a few weeks each year."

So holidays-taking courses, even if only for a weekend, are becoming a valuable sector of the travel industry. The English Tourist Board publishes an invaluable annual guide to what it calls "activity and hobby holidays". The range is wide. As just one example, take bird watching. The guide recommends contacting the Royal Society for the Protection of Birds at The Lodge, Sandy, Bedfordshire SG15 2DL which can give advice and has a list of 121 reserves. One of the centres listed by the guide is Polgreen Farm near Newquay in Cornwall, just a mile from the sea, where you can combine bird watching with sculpture, spinning, weaving and dyeing for 1122 full board for seven nights.

Would-be ballroom dancers are directed, among other places, to the Victoria Hotel in Torquay which offers two to seven-night dancing holidays from £22.50 a night half board. "She seems to enjoy it," dad

says, "even though she gets up at 6am to muck out the horses. She is paid £40 a week, but we pay her board and lodgings. She is expected to have first aid veterinary skills while still attending daily lectures. She seldom finishes work before 6.30 in the evening."

Another organisation offering residential study breaks throughout the UK is the National Institute for Adult Continuing Education based in Leicester. Its guide, *Time to Learn*, names thousands of residential and study breaks available. Course fees given in the guide cover tuition, accommodation and meals, from September 8 to 10, a Murder Mystery Weekend.

Another organisation worth contacting is the British Universities Accommodation Consortium. Based at Nottingham University, BUAC masterminds courses and conferences at a wide range of UK universities. Here again most of the action is in July and August, but growth in university accommodation is extending the service.

Sheffield University offers two exotic cooking courses, Indian cooking and Japanese

entertaining, and London is offering residential study breaks throughout the UK is the National Institute for Adult Continuing Education based in Leicester. Its guide, *Time to Learn*, names thousands of residential and study breaks available. Course fees given in the guide cover tuition, accommodation and meals, from September 8 to 10, a Murder Mystery Weekend.

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Fancy learning ballroom dancing? Alan Forrest knows just the place

holiday spills over into the careers sector. A colleague's 18-year-old daughter, mad about horses and determined to make a mark in the showjumping world, is taking a two-year YTS course in stable management (she has nine O-levels and to qualify as assistant instructor through the preliminary teaching exam the minimum is four O-level equivalent passes). There are no educational requirements otherwise. Course standards are set by the British Horse Society, Stowleigh, Kemsley, Warwickshire CV8 2LR. "She seems to enjoy it," dad

It is difficult to make a choice from all the goodies available, but one that did catch my eye is the University of Birmingham's *Shakespeare in Performance* course running in the first week of January. This, of course, is based in the Bard's home town, Stratford-on-Avon, at the Shakespeare Institute at Mason Croft. There will be lectures on the plays, visits to the theatre and talks by members of the Royal Shakespeare Company. The basic fee is about £90 (accommodation not included) and the fee inclusive of theatre tickets will be announced later.

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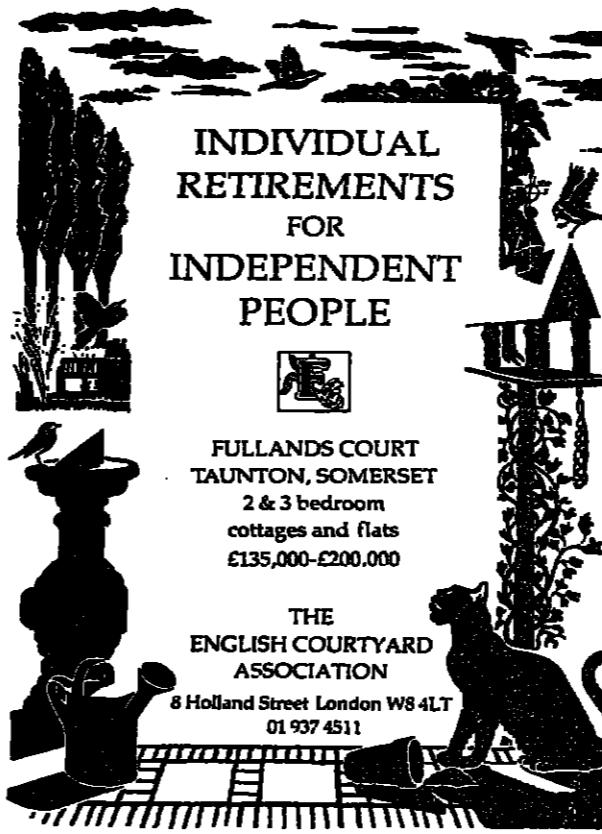
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BOOKS

Perfect – and happily married

Rachel Billington reviews a biography of the cartoonist Osbert Lancaster

OSBERT LANCASTER produced pocket cartoons from 1938 to 1981 – with an interval for the Second World War when he was press attaché in Athens. Apart from this Bradman-like innings in journalism, he was, his biographer claims with that confidence that tends to alienate, a wit.

On being asked why old Cartusians (who included Lancaster and his mentor, Max Beerbohm), kept harking back to the place they had defended, Lancaster replied, "I expect that you would find much the same with former inhabitants of Dartmoor."

He was not only witty, but also, until his melancholy decline into old age and ill-health, the life and soul of any gathering. A colleague at the *Daily Express* remembers how, if she admitted to feeling low, he'd say: "Don't be fed up. I'll sing you a little song."

Aside from pocket cartoons, Osbert Lancaster wrote and illustrated books about architecture, politics and Europe. He was what he invented, or at least propagated, such wonderful terms as "Wimbledon Transnational", "Pom Street Dutch" and "Stockbroker Tudor." Without him there is no doubt that the 1950s and 1960s, particularly during breakfast, would have been duller times to have lived through.

All these talents, unfortunately, do not necessarily add up to a good subject for a biography – especially when the

OSBERT: A PORTRAIT OF OSBERT LANCASTER
by Richard Boston
Collins £17.50, 256 pages

biographer is as charmingly biased in his subject's favour as Richard Boston. The only imperfections we are allowed to discover in his hero are the tendency to make sure in a shared taxi his was the first stop and a lack of enthusiasm for picking up the bill in a restaurant.

Otherwise he is shown to be more or less perfect – wittier than Waugh, subtler than Pevsner, nicer than Connolly – about whom he was not very familiar.

In Boston's opinion, Lancaster was unusual in remaining to the end of his life what he had been at the beginning of adulthood: "A Church of England, conservative heterosexual". Let others become communist, Catholic or disagreeable, he didn't see the point. The only three people (men) he ever recorded an active dislike for – and one was a teacher at his school – were all fat men in uniform and homosexual. Tiberius and James I sprang to his mind in this context.

Worse still from the biographer's point of view, he married happily and, after this wife died, married again happily to the clever and kind and

glamorous Ann Scott-James. Nor did he suffer from anything very much, apart from an early flirtation with tuberculosis but even that turned to his advantage as he used it as an excuse to escape from family pressure to train for the bar.

Lancaster was born rich, earned more and seems to have spent every day doing what he enjoyed most. His year-in-year-out routine of late breakfast, work in dressing-gown, Martini, lunch at club, Daily Express to produce cartoon (the dangers of Beaverbrook assiduously avoided) followed by jolly evening out, may provoke more envy than close interest.

Yet there are the cartoons, reproduced lavishly in this book – although unfortunately on paper that weighs extraordinarily heavily. We see goggle-eyed Maudie Littlehampton, husband Willie, daughter Jennifer, still as funny now as ever, expressing everything their equally goggle-eyed creator had to say in extremely succinct form. Here was a commentator, predisposed to the status quo who had found the perfect standpoint from which he could laugh, on the whole rather sympathetically, at the foibles and even passions of others.

One more the biographer is at a disadvantage: Lancaster was a great cartoonist, a great talker but not a great letter-writer nor, in his autobiography or elsewhere, was he dis-



"His Beatitude" – one of Osbert Lancaster's illustrations for his "Classical Landscapes with Figures" (1947)

posed to examine his inner self. Taking his tone from his subject, Boston does not presume to probe either. We are given instead a superficial picture of a man who dealt, above all, in the superficialities of life – in style, fashion, behaviour, class and attitude. That made him a very good social historian.

Lancaster maintained that his greatest pleasure had been

riding in his pram. "The motion is agreeable, the range of vision extensive and one has always before one's eye the rewarding spectacle of a grown-up maintaining prolonged physical exercise.

Pocket psychoanalysts may draw their own conclusions. His other even more endearing view was that if a moustache is worth growing at all it should be easily visible from the back.

To be taken with a pinch of Salt

WHEN Henry Stephens Salt, the subject of this anthology, died in Brighton in 1939, at the age of 88, he had himself written the address for his funeral. In this, he announced: "I shall die, as I have lived, a rationalist, socialist, pacifist and humanitarian." His friend Bernard Shaw might have made the same claim. What differentiated the two men was not their beliefs but the degree of eloquence, guile and therefore effectiveness with which they fought for them.

Unlike Shaw, Salt was born to privilege. Educated at Eton, as a King's Scholar he then went on to Cambridge, which he found sadly lacking in concern for what he called "the higher social ethics." He returned to Eton to teach and to wed the Lower Master's daughter – with unfortunate results since, a lesbian, she maintained a life-long refusal to consummate the marriage. Many people believed that, such was his high-mindedness, Salt remained a virgin until, at the age of 75, his wife by now dead, he contracted a second marriage with his 35-year-old housekeeper.

Having decided that his fellow books were both cannibals and exploiters of the working class, Salt announced to the headmaster, Dr Warre, that he wished to quit Eton. "It's the Vegetarianism," Dr Warre gravely concluded. No, Socialism must take its share of the blame, Salt replied. Dr Warre was appalled. "Socialism! Then

THE SAOUR OF SALT: A HENRY SALT ANTHOLOGY
edited by George Hendrick and Willem Hendrick
Centaur Press, Fonthill, Sussex, BN 18 074, £12.95, 304 pages

blow us up, blow us up! There's nothing left for it but that!" Salt, however, was far too gentle a man to blow up anyone even verbally.

In *The Heart of Socialism* Salt confesses to being one of those people who "have lived for years on an unearned income"; so presumably, through the fortunate chance of being descended from the well-to-do Allharts of Shrewsbury, this man who so often inveighed against an often derided or bull-eyed minority, which, in many instances, has now been transformed into a majority. Blunting corporal punishment; capital punishment; vivisection; the spoliation of the countryside; what he quaintly called "miserable millinery" i.e. the trimming of hats with the feathers of rare birds; he was a pioneer in protest against all these things.

"Salt as a Man of Letters" (the title of one section of this anthology) writes well about Shelley and Thoreau, authors with whom he felt a particular affinity; reminiscences amusingly about Shaw and two former headmasters of Eton, Balston and Hornby; and produces some sharp satirical verse, of which the following quatrain still remains apposite:

So, hey! for England's glorious rights,
Free sellin' and free buyin',
Free libraries; free pews; free flights,
And a free ditch – to die in!

It is easy to see why Shaw held a man so unlike himself in so much affection and esteem.

Francis King



The last of the great chancellors of Florence – Niccolò Machiavelli

Championing Machiavelli

THE NAME of Niccolò Machiavelli has long been synonymous with devious political cunning, and satanic ruthlessness in the pursuit of power: how does he still inspire such fear?

Perhaps one reason is that Machiavelli's most influential admirer this century has undoubtedly been Benito Mussolini, who enthused about "the impact of direct contact between his teaching and my actual life". The facts of his life are basically these: Machiavelli first came to prominence in 1498 as the Florentine Republic's Second Chancellor, a position which required numerous diplomatic missions, including two to Cesare Borgia, with whose capacity for strategic cruelty he was impressed.

Even so, there were many times when I longed for more meat and substance in India Gandhi's letters. It is true that there are some touching scenes, such as her 1932 description of Gandhi's fastidiousness in breaking his fast. But the teenage Indira Nehru is more concerned with superficial chit-chat and coming and going than with telling her father her deepest thoughts let alone dreams, all of which remain hidden inside herself. And until she went to Oxford in 1957 (aged nearly 20) she rarely ventures a political opinion.

What is far more important is to do something that is worthwhile and that does good to the larger society in which we live. I dislike intensely my own profession, that of a lawyer. I call it an unsocial profession, for society does not profit by it. It makes people selfish and just clever enough to exploit others.

He praises Patrick Geddes: "He was a great educator and instead of the three Rs, he used to lay great stress on the three Hs – Heart, hand, head." He takes great pleasure in being greeted on the North West Frontier with "Staray mastay" – "It means 'May you not get tired'. How suitable it is, not only for travellers on the road but for all pilgrims through life."

Kevin Rafferty

Daughter of destiny

WITH hindsight it is hard to see how Indira Gandhi was so misunderstood. After all, she had the longest and best political apprenticeship possible under the tutelage of her father Jawaharlal Nehru, India's first prime minister. Nehru and Mohandas Karamchand (the Mahatma) Gandhi – no relation to the Nehru family – did more than anyone else to wrest India's freedom from the British Raj.

This volume covers the early years of the unique tutelage for leadership. At all times it was a very intense loving relationship. Sonia Gandhi includes letters right from the very earliest, the full text of the first extant letter from Indira Nehru to her father at the age of six and a half, through to comments on the outbreak of the second world war.

Here are recorded the comings and goings of almost all the great and good of Indian politics from Nehru himself, Gandhi, Subhas Chandra Bose, J B Kripalani, Khan Abdul Ghaffar Khan, Mohamed Ali Jinnah, Rabindranath Tagore, men who (for the most part) were giants, leagues ahead of the party bosses who later dared to think they could manipulate Indira Gandhi.

From Nehru himself there are some beautiful touches that make you warm to the man's sensitivities and appreci-

FREEDOM'S DAUGHTER: LETTERS BETWEEN INDIRA GANDHI AND JAWAHARLAL NEHRU 1922-1939
edited by Sonia Gandhi
Hodder & Stoughton £10.00, 483 pages

ated his well-rounded personality. He rejoices in being imprisoned in a tent under the stars rather than inside the jail and recounts the dreams the stars inspire. He dignifies his own profession:

"What is far more important is to do something that is worthwhile and that does good to the larger society in which we live. I dislike intensely my own profession, that of a lawyer. I call it an unsocial profession, for society does not profit by it. It makes people selfish and just clever enough to exploit others."

Where is the young girl who was supposed to have burned her favourite Western doll because she was devoted to it? He takes great pleasure in being greeted on the North West Frontier with "Staray mastay" – "It means 'May you not get tired'. How suitable it is, not only for travellers on the road but for all pilgrims through life."

Kevin Rafferty

A sniff of the very armpit of Africa

J.D.F. Jones on an ordinary view of Cameroon

THE PORTUGUESE

were the first Europeans to get to the armpit of the West African coast; they found an estuary swarming with prawns and so called it Rio dos Camarões. Successive colonial powers changed it to Camerones, Cameroun and Cameroon. Today it is Cameroon, not well-known, not on the tourist circuit, not unsuccessful by Africa's standards, and Dervla Murphy's reasons for tumping up there are never very clear. She had just finished her book on British race relations; she probably wanted to get back to her trade of travelling in an unconventional way in the world's more backward regions.

Ms Murphy's success is a bit puzzling. As travel writers go, she verges on the pedestrian, although often preferring the bicycle. She stands aside from Theroux, Chatwin, Thubron, Jan Morris, etc., because she is so matter-of-fact. She only rarely attempts a purple passage. She writes about how it was, for her, as an apparently ordinary person. There's the clue: we respond, surely, because this is how we like to

CAMEROON WITH EGBERT

by Dervla Murphy
John Murray £14.95, 322 pages

think we might behave if we were daft enough to take our teenage daughter off to an obscure country with a filthy climate and unspeakable food and buy a pack-horse and wander around with no evident end in view.

This was her first time in Black Africa, she claims, because she excludes her previous ventures to Ethiopia and Madagascar. The trip, as she tells it – day by day and without ornament – seems to have been interesting rather than dramatic. Her experience as a traveller frequently gives her a sense of proportion: "I have seen slightly bigger cockroaches in Ecuador and Madagascar, but nowhere have I seen more lively cockroaches."

Everyone thought she was a man, so she got used to exposing her chest to demonstrate the mother-daughter relationship. You have to keep reminding yourself that this must have been a journey which

would have had most of us scurrying back to the local Hilton before you could say fufu. She liked the Cameroonian, who, almost without exception, emerge as a lovely people. I liked the Eng Lit student she meets in the bush, whose

favoured author is Jane Austen.

Her books are not complicated. They are about village people, so if you come from a village you understand them. Through English villages are rich and ours are poor."

Beyond the tale of the journey, there is a good deal of common sense sometimes touching on wisdom. She is interesting about such things as the significance of the tsetse fly in African history, the importance of land ownership in a peasant society, the deficiencies of Africa's red soil. She sees on the essentially unchanged nature of African society through and since colonialism. And she is willing to tackle difficult matters such as the African concept of time, or the persistence of illiterate attitudes in "Africans", as opposed to Europeans', mental development.

Egbert is the Hero – her beloved Horse...

Fiction

Married folk who cheat

AMERICAN APPETITES

by Joyce Carol Oates
Macmillan £12.95, 340 pages

NO EASY PLACE TO BE

by Steven Corbin
Simon & Schuster £12.95, 444 pages

JOURNEY THROUGH THE WILDERNESS

by Morris Farhi
Macmillan £12.95, 486 pages

His friends all rally round, give him their support. But are they his friends? Were they all sleeping with Glynnis behind his back? Or was Glynnis lying to him to even the score? And why is Sigrid tortured by the possibilities so much so that he even considers pleading guilty to the murder charge, rather than waste time on a trial that seems comparatively unimportant, now that his whole life has been shattered.

He is dissuaded of course, and a verdict is delivered. It means little to Ian, one way or another, and perhaps also to Joyce Carol Oates, for her subject here is the mores of affluent America as much as the criminal process. She tells an absorbing tale, marred only by the fact that it has been padded to almost twice its natural length – a failing for which one suspects publishing pressures may well have been responsible.

She finds out though, jumps to the wrong conclusion, and provokes an almighty row. Drunk and angry, she taunts the faithful Ian with a list of her own loves – friends of his, described to him but not identified – before crashing through a plate-glass window and falling into a coma from which she dies without regaining consciousness. Her death is clearly a misadventure, but will the police see it that way?

Not on the Hudson, they won't. Gradually, painstakingly, they build up their own version of events. Ian and Glynnis were having a row, the neighbours heard voices. Ian has given Sigrid money, the police have been through his records. Sigrid has disappeared and may be dead too, for all anyone knows. The evidence against Ian is strong enough for a *prima facie* case, and he is duly brought to trial on a charge of second degree murder.

Perhaps the saddest story belongs to light-skinned Louise, the wife of the Cotton Club. A rich Italian immigrant falls deeply in love with her, and she falls in love with him. Believing her to be of Italian origin, he marries against the wishes of his parents and sweeps her off up-town to a life of Rolls-Royces,

DEADLY CRESCENDO

by Paul Myers
Cassell £10.95, 140 pages

THE BOOK OF THE DEAD

by Robert Richardson
Gollancz £10.95, 192 pages

DEATH OF A SALESPERSON

by Robert Barnard
Collins £10.95, 200 pages

Mattavers is driving through

Cumbria to visit friends, his car breaks down, and he asks some strangers for help. In this, as in the details of this background are abundant and convincing (only a couple of tiny mistakes in Italian); but the story itself seems perfunctory, and – perhaps this is the basic difficulty – Mark Holland is simply not very likeable or interesting.

Soon, the host is murdered and Augustus – not for the first time – finds himself obliged to investigate the crime. As always in his adven-

tury apartments, and black servants to command. For a change, they're not unusually happy. Their house becomes pregnant.

The child is perfectly acceptable when it is born. Only later, after the father has learned to love it, does its skin darken and its hair turn crimson. The father refuses to accept the truth, accuses his wife of having a lover. He attempts suicide, she pushes her bags and goes back to Holland, to the family she has not been able to see for years. The story is most movingly told, without being in the slightest bit sentimental. The author is clearly poised for a sequel, and very good luck to him.

Morris Farhi's *Journey Through the Wilderness* is a monumental novel about a fictitious (though real enough) South American country, as seen through the eyes of three black sisters in the Harlem of the 1930s. One is a nurse and radical activist, one a budding novelist, and one a chorus girl at the Cotton Club. All attempt to fight their way out of the ghetto, with varying degrees of success. Perhaps the saddest story belongs to light-skinned Louise, the wife of the Cotton Club. A rich Italian immigrant falls deeply in love with her, and she falls in love with him. Believing her to be of Italian origin, he marries against the wishes of his parents and sweeps her off up-town to a life of Rolls-Royces,

Summer Crime

DIVERSIONS

A blessing — then off to Tibet

Rebecca Stephens reports on the bid to scale the unclimbed north-east ridge of Everest

KATHMANDU: After frantic months of fund-raising, shopping and last-minute packing, we arrived here a week ago — tired and jet-lagged — at Nepal's capital in the foothills of the Himalaya. Together with seven hardened climbers from Seattle, Britons Roger Mear and Paul Rose have come to tackle the only remaining unclimbed ridge on the highest of all the Himalayan peaks: the north-east ridge of Mount Everest.

It is the toughest, longest route of all. Attempted six times in the past seven years but never conquered, it remains the last challenge on the mountain. First, though, there is food to buy and more equipment. We have visas to sort out and Customs to clear in preparation for our journey to base camp at 17,000 ft in the Tibetan hills.

The 10 of us discussed strategy over local kebabs and beer and vegetable and chicken pakoras. "It is crucial," said the men, "to lay down fat for the mountain." Lorne Riddle, our 214-stone base camp manager, promptly ordered another plateau. All heads together, we compiled a shopping list: frying pans, pots and stoves, and hurricane lamps for base camp, picks, pickets, spare chains, fixed rope, and — most important — high-calorie cashews and chocolate, taste-smacks to keep us going at altitude.

It is raining; indeed, it hasn't stopped since we arrived. This is the tail-end of the monsoon and the sky is black, the air cool, and tourists (for the most part) kept at bay. We planned it this way so that, with luck, by the time we reach the mountain the odds on a heavy snowfall will be negligible. For now, though, we have been hopping, umbrellas in hand, through the muddy, paddled streets in search of equipment. It seems every other store sells sleeping bags, boots and crampons, mostly dusty and sec-

ond-hand, and salvaged from expeditions before us.

Our 37-year-old expedition leader, Gary Speer, is in his element in faded jeans and head-band. The locals turned on him in seconds. "Change money?" they said. "Kashmir? Optum? Where is my baby?"

The small of joss-sticks and Western pop fills the streets. Four rupees (about 80p) was enough to hire a bicycle for an hour. In the afternoon we cycled past the royal palace and through market squares to our agent in Kathmandu Rover Treks. Half an hour's chat and it became quite clear that our planned brief stay in town would have to be extended by a week or more.

Not only had our shipment from London been delayed but the Chinese authorities were now insisting we re-apply for visas. A "group visa" was what

they required. Our visas, obtained independently and painstakingly in London and the United States, had been blotted irreversibly from our passports.

In Kathmandu, you cannot afford to be complacent about health. Three of our team have fallen victim to tummy bugs already. Wary now, I am boycotting meat and popping pills as if they are going out of fashion. But our head sherpas, Chhawng (we have four Sherpas plus two cooks to accompany us on the trip), is more concerned about our well-being on the mountain. He insisted we be blessed by a Tibetan Buddhist lama.

The following day he led us to the monastery. Inside, the light was dim, the air thick with the smell of butter-lamps and heavy, sweet-smelling incense. Surrounded by gilded

Buddhas, mysterious in the flickering light, each of us took a sip of holy water.

At 10 am precisely the following day — not a moment sooner — we all were adorned with a *rhunga*, a folded prayer to protect us which, wrapped in muslin, we will wear around our necks until we return, safe and sound, from Everest (or, in Tibetan, Chomolungma, "goddess mother of the world").

Who can say if protection from the gods will be enough? The success of the expedition depends so much on luck, good weather and, most of all, the strength and maturity of the team.

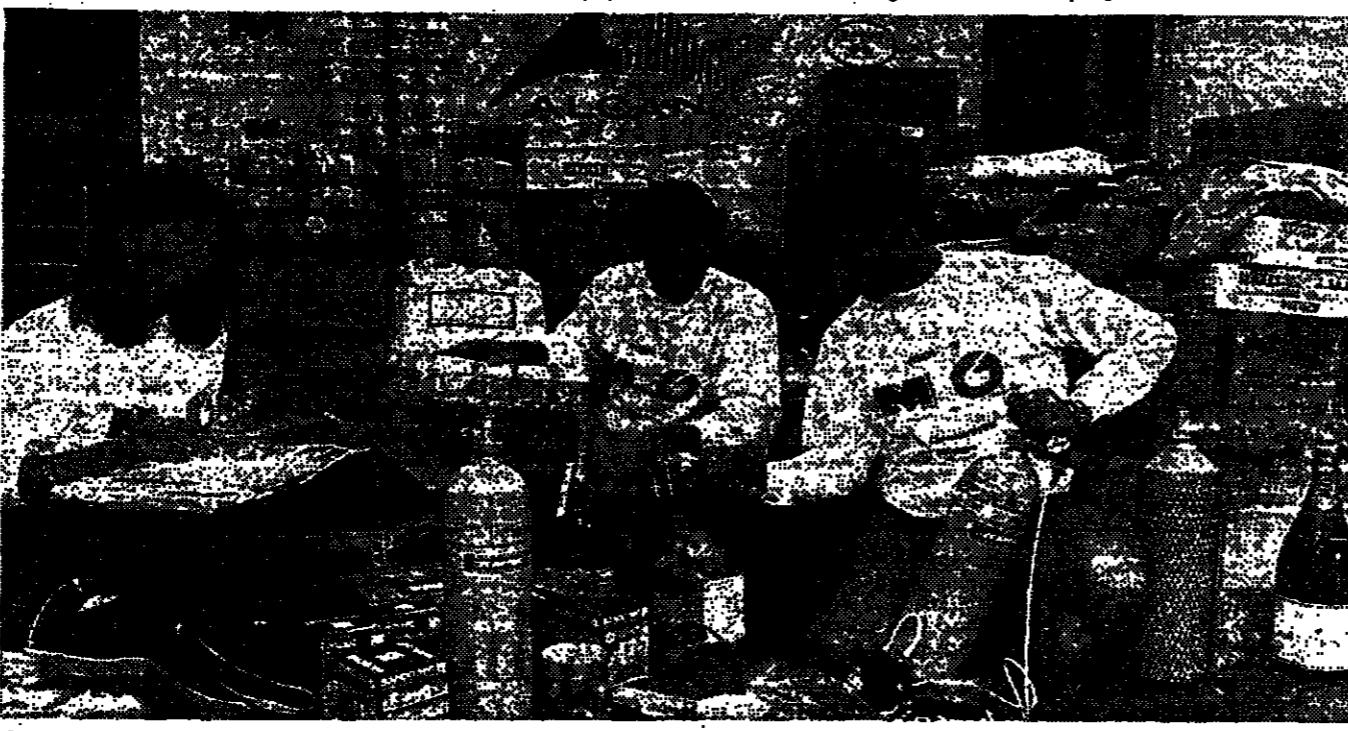
Of the 10 of us, only seven will make a serious bid for the summit. Two are just young: Swiss Kurt Flicker 21, 25 and Markus Hofnagl 23. But the two Britons and two Americans — Speer and Tim Gage — are all

in their late 30s: experienced, fit, and at their peak in mountaineering. Dick Walker, the doctor, is the oldest of the team at 41.

The route these men will attempt is four miles long, rising 9,000 ft over huge, soaring cornices and rocky pinnacles to the summit at 29,028 ft. As Speer says: "That's one hell of a way to go at high altitude." On a good day, he gives the team a 50/50 chance of success.

We are about to load the truck and drive north across the Tibetan border to our base camp on the Rongbuk glacier. There, we will acclimatise and hope the sun shines on the mountain.

In The British climbers on the Everest Final Challenge Expedition are sponsored by E. D. and F. Man International, British Alcan Aluminium and That Arrows.



Onward and upward: Rebecca Stephens, Paul Rose and Roger Mear check equipment in preparation for the big adventure



Allan Thornton (left) and Dave Currey ... undercover operators with a mission

Detectives who track the animal-killers

Peter Knight meets an undercover group that is dedicated to protecting endangered species

WHEN cameraman Clive Lonsdale found himself sweating profusely in a cardboard box 20 ft above ground on a fully extended forklift truck near Dubai, he felt terrified but strangely elated. After weeks of risk and subterfuge, he was about to film crucial evidence that would contribute to a European Community ban on the ivory trade.

Sharing the box in a temperature around 115 degrees F. was a colleague, professional photographer Dave Currey. Below, explaining the eccentric behaviour of his crew to a suspicious factory manager, was Allan Thornton. His assurances were plausible and well-rehearsed from years of operating undercover.

Thornton, Currey and Lonsdale's wife, Jennifer, run the Environmental Investigation Agency (EIA), a small, London-based group that has, through daring investigations, revealed some of the greater iniquities perpetrated against wild animals.

The pity of it is that its future must be in doubt. The Israeli staff is leaving slowly for better-paid jobs back home. The hotel has lost its kosher certificate (though it still runs its kitchen on a kosher basis) and, with occupancy also slipping in Eilat, it could become harder, not easier, to draw Israeli guests.

The best hope now of winning back its Israeli customers is if the Egyptians grant the hotel a licence to open a casino. Gambling is banned in Israel, but pirate casino boats use the Faroe Islands as a port of call. The authorities proved there is a strong demand. Taba's future might literally depend on the throw of the dice.

Back in Jerusalem, meanwhile, the Taba stamp in my passport duly did the trick. I went to pick up the new car. The salesman presented me with a largess cheque. It seems he'd overcharged me. Must have paid too much tax, I suppose.

Hugh Carnegy

media to meet the best when she got to Scotland, but I remember a *Sunday Times* journalist refused to go because he thought the *Rainbow Warrior* would never make it. I wonder if he sees the irony now," says Thornton.

It was the sheer impossibility of the job that brought out Thornton's entrepreneurial skills. This, and every subsequent adventure, has been managed by the seat of his pants. His success is due largely to his leadership qualities and the respect he gets from his colleagues. Like many entrepreneurs, he is well-known for leaving the finer detail to others.

Thornton left Greenpeace to



PLANET EARTH
'When you find that a species is being driven to extinction by a frivolous trade, then you have to do something about it'

freelance in 1982, and his first job was to stop the Turkish dolphin hunts. He had heard how the Turks caught rare Black Sea dolphins and processed the carcasses into chicken food.

Nobody was doing anything about the slaughter, so he raised some money from a sympathetic British group and flew to Turkey with a photographer. They talked their way into the factory, took shocking photographs of piles of dolphin carcasses, were arrested briefly but then managed to leave the country.

Their photographs appeared across the world and governments complained. After 38 US senators wrote to the Turkish ambassador, the factory was closed and the hunt stopped.

Back in 1983, Thornton and his colleagues thought too little

was being done to prevent the imminent extinction of many wild animals. He is a tall, soft-spoken 38-year-old who left his native Canada in 1976 for Britain to help establish the first Greenpeace office outside Canada. At that time, Greenpeace was small and obscure.

He and his colleagues, occupying a grimy garret off Trafalgar Square in central London, planned to buy a ship and set off to confront Icelandic whalers. (This was shortly after the UK had lost the Cod War with Iceland.) Greenpeace had very little money, certainly not enough to buy a boat. Few took it seriously.

But by May 1978 it had acquired a trawler, painted it green with a rainbow on its bridge — and named it the *Rainbow Warrior*. (Years later, the ship achieved almost as much fame as the *Titanic* when it was sunk in a New Zealand harbour by agents of the French government.)

In 1978, though, the *Rainbow Warrior* set sail from London for Iceland, ignored largely by the media which thought the whole thing was a joke. "We tried to get the

we approached some big conservation groups for funding. One said: 'You don't know what you're doing and all you'll do is mess things up for us.' But Thornton got the money, much of it from the US-based Animal Welfare Institute run by the redoubtable Christine Stevens.

The task was to trace the routes taken by poached ivory from the sources in Africa to its markets, mainly in the Far East. The total campaign, which is still running, cost EIA about £130,000.

The EIA team, which works for very little in a three-roomed office in Islington, north London, is an example of a new, tougher strain of conservationist. Members are a mixture of Sam Spade investigators and Indiana Jones adventurers, driven to perform daring deeds by man's over-exploitation of animals.

"When you find that a species is being driven to extinction by a frivolous trade, you've got to do something about it," says Thornton.

EIA honed its investigative skills with two campaigns before its success in exposing the ivory trade. The first was to try to stop the yearly slaughter of pilot whales in the isolated Faroe Islands, which lie north of Shetland and are a Danish protectorate.

The Faroese are descended from the Vikings. They are a proud, seafaring people who have grown rich from their fertile fishing grounds in the North Sea. But they still practise an old custom of slaughtering the relatively small pilot whales that migrate in schools.

The whales are herded into shallow bays by fishing boats and then massacred by knife-wielding men in the shallows. Meat and blubber are distributed to families who eat it as a traditional dish.

When the islanders were poor and under-nourished, whales provided an important source of protein and vitamins. Now, though, the hunt is an anachronism treated by most as a sport and much of the meat is left to rot.

EIA's film of beautiful bays turned red from the blood of the slain whales in their deaths shocked many.

An especially gruesome photograph (by Carnegy) of a small boy holding an unborn whale foetus drew protests from all over the world. But the Faroese continue the yearly hunt.

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publicise our successes and we urgently need money to continue our work, especially with the elephants."

Donations can be sent to EIA, 201/202 Upper Street, London N1 1RL.

Where Jew and Arab find friendship

THIS IS a story which combines an account of the Byzantine complexities surrounding the purchase of a car in Israel with an account of an obscure but curious place called Taba — for no other reason except that, in order to do one, I ended up going to the other.

The story begins in the Jerusalem apartment of David Israeli, a warm-hearted, observant Jew of tireless energy. This quality he needs in abundance because he makes his living from guiding those such as me through the Byzantine complexities I mentioned. The trick is to avoid the huge amounts of duty local residents have to pay on cars. All I wanted to do was buy my previously-imported car (the regulations prevented me from simply taking it over from him).

"You cannot buy Andrew's car here in Israel without paying all the tax on it. That's 148 per cent of its current value. Look, look, it's here in this book. Well, that did seem unreasonable. What else could I do?"

"What you have to do is this. I take the car to Haifa, put it on a ship to Cyprus. There, Andrew sells it to you. Then, we re-import it in your name and the car is yours. Beautiful. I can do this for you for about \$800."

Around \$800 just to take over a three-year-old, somewhat bair-

tered car which I would then be barred from selling for another two years? Surely there was another way out of this?

"Look," said Israeli, who talks on this subject like a gushing hydant, "you can do something else. Sell the car to an Israeli. We'll have to pay the tax but you can get something for it. Then, buy a new car in the local market. As a tourist, you pay only 2 per cent duty if you buy a car within one month of arriving in the country. After two years, you can sell it to whom you like. Beautiful."

But I'm not a tourist and I'd been in the country nearly three months. "Doesn't matter. They count you as a tourist. Just go to Taba for one day, get a new stamp in your passport and everything will be beautiful."

Taba. Mention the name on the FT's foreign desk and eyes glaze while computer terminals moan softly. The place is a footnote in the small print of Israel's peace treaty with Egypt which excites greatly the relevant departments of the two countries' foreign ministries but has a Mogadon effect on news editors.

Yet, something quite unusual has been going on there — besides it being a convenient place for foreign buyers of cars in Israel to acquire a quick exit and entry mark in their passports.

Taba is a hot, hilly patch of

waterless land tucked between the Sinai desert and the Gulf of Aqaba a few miles down the coast from the Israeli resort of Eilat. When Israeli handed back the Sinai to Egypt under the Camp David accords, Taba remained in Israeli hands. A bearded type named Rafi Nelson established a rough and ready pub on the beach; later, Sonesta, the Israeli holiday group, was permitted to build a swish hotel on the other side of the same little headland. Taba became a popular extension of Eilat.

Egypt, however, never accepted this *de facto* annexation. It kept after the Israelis doggedly to give back Taba. Eventually, Cairo won. On March 15 this year, Taba reverted to Egypt and a border post went up on the road to Eilat.

The effect on Taba — or, rather, on Sonesta and Rafi Nelson's pub — was dramatic. Bookings at the hotel sank as Israelis were put off either by

the hassles of crossing the border, the prospect of venturing into Arab territory, or both.

Those who do still make the trip encounter a rare mix of Arab and Jew. Sonesta is now owned — as is Rafi Nelson's pub — by the Egyptian government via Egypt Air and other state-run institutions. Recently, the Hilton group took over managing the hotel. The staff, previously all Israeli apart from some Palestinians, are now mostly Egyptian. The Israelis may all leave eventually but, while they remain, the mixed staff rub along pretty well, a little to the surprise of most of them.

"We fight more among ourselves than with each other," said an Egyptian waiter, with a laugh.

I found evidence of this co-operation on the night of the season we found the deep pit, made carefully, suggesting an important earlier building was under the ground. It was lined with plaster which means it held liquid, probably water, but it could have been olive oil.

We also found many copper working fragments in levels predating the Ashlar Building. This could mean that it had a role already as a centre of the metal business — which would have been good reason for authorising such a grand edifice at Maroni.

It might even have the ancient name of our site, which would be a treat to know. (The modern village name of Maroni probably reflects Maronites coming from Lebanon in fairly recent times.)

We can identify the signs in the text but we cannot read it as the script has not yet been deciphered. Indeed, until that happens, we do not even know whether this script holds one or several languages. Even now it will increase as we find more of the text.

This year was the sixth season of digging the large building with the support, as in earlier years, of the Leventis Foundation, the British School at Athens, and private donors. By the end, we had removed all the earth we could of the metre-wide baulks of earth we leave between trenches for our final checks, and the big (30 x 20.5

metre) Ashlar Building stood in its glory as it had not done for centuries.

Built around 1300 BC, the dressing of its limestone ashlar masonry is superb, and its gleaming white mud brick walls are up to two metres thick. It controlled the valley of the Maroni river in south-east Cyprus and, in particular, its food production and copper business.

The olive press in a room near the inscribed jar is one of the oldest — if not the oldest — in Cyprus and there are plenty of remains of furnaces, ingots and scrap to show copper and bronze working. Copper was Cyprus's principal export in the Bronze Age.

The olive press in a room near the inscribed jar is one of the oldest — if not the oldest — in Cyprus and there are plenty of remains of furnaces, ingots and scrap to show copper and bronze working. Copper was Cyprus's principal export in the Bronze Age.

The building lasted barely 100 years until it was abandoned. Society, the economy and politics must have

Gerald Cadogan

changed for it no longer to be needed. But we do not know what the

DIVERSIONS

'After a while, you can't feel the pain'.

Simon Vail continues his mountain-climbing exploits in Africa by tangling with the Old Hands — and scorpions — in Tanzania

THE OLD Africa Hand surveyed the tangled mass of guy ropes and sagging canvas. "Pitching a tent," she said, "should not be done like that. I mumbled that I hoped I would improve."

"Furthermore," said the Old Hand, "we don't know exactly who you are or what you do." She flounced off and sank without trace into a very large grin. It was not a good beginning.

I had joined a band of East African mountain walkers on their expedition to northern Tanzania. Fresh from England, my skin was a ghostly white beside the Old Hands' leathery hides. The expedition planned to walk up three little-known peaks: Gelai, at the south-eastern end of Lake Natron; Lengai, a dormant volcano; and Hanang, a slab of a mountain due south of the better-known Ngorongoro crater.

All three peaks lie in the floor of the Rift Valley, the 4,000-mile scar that cuts through eastern Africa. The bottom of this giant's trough is hot and dusty, a cauldron of volcanic activity, brackish soda lakes and bubbling geysers.

We bumped and rattled across miles and miles of empty Tanzanian plains in a convoy of thick dust that forced its way into every nook and cranny, past spindly thorn trees and sun-baked anthills.

We found the miserable village of Gelai Lumbwa. It was a collection of huts, depressed people, mangy dogs, a shop, and the political office of Tanzania's ruling party. To avoid



Approaching Lengai, which proved a disappointment because bad weather and cracks in the old lava flows prevented an ascent

difficulty, said Our Leader, we should camp away from the village. We nosed on up a dry river bed and made camp among a mass of loose rocks. Gelai lay slumped above us, a whale of a mountain swimming in a sea of rolling hills.

The Olds set off at a cracking pace at 5.30 am. An early start, I was told, meant you could make the summit before the mid-day heat and return to the unwary, who wonder into them dazed by the furnace-like heat.

One of the Olds carried a pair of rose-cutting secateurs for freeing the trapped. "They're just the job," he remarked.

We passed a settlement and asked for a guide. Nobody was interested. It was too cold up there, said the villagers. The

forest grew thicker and thicker. Our Leader lost his way. There was no path in the thick jungle. Giant, stinging nettles surrounded the final summit; they left a whip-like red rash. Our Intrepid Leader strode off unflinchingly, bare-kneed and teeth clenched. "It's all right, chaps," he said gamely. "After a while, you can't feel the pain."

Gelai had the last laugh. The summit was covered in such dense vegetation that the grand view we had all been promised was a few yards into thick undergrowth. We sloshed back down the hill in pouring rain.

Back at the camp, an ominous note from the ruling

party's local political office summoned the expedition to explain its activities.

Our Leader proved a man of considerable charm and invention. We had not stopped at the party political office, he explained, because the party flag had not been flying.

All the expedition — an accountant, a civil engineer, a professor, a diplomat and two university lecturers — would, of course, be delighted to present passports, sign the visitors book and shake hands with the officer. Villagers gathered to watch the fun. We left hurriedly.

As I took down my tent, a scorpion woke from a comfortable sleep under the ground

sheet and headed for my bare foot. I grabbed a boot and dispatched the creature, hoping for OH approval. Nobody turned a hair.

The road disintegrated into a boulder-strewn track that ruined suspensions and spines. Lengai rose from the floor of the Rift, a brooding black hulk. Its last eruption was 20 years ago, covering the floor of the Rift in grey ash that scoured all life. Scrubby grass, bleached white by the sun, clings to the sterile soil.

Lengai is a really serious mountain for climbing, said the Olds because there is no easy way up through the lava ridges and valleys, very steep slopes which cause vertigo.

There is also intense heat and no water. But our early-morning start was delayed by the completely unexpected heavy rain and thick mist which covered the lower slopes.

We were not able to drive the vehicles up the side of the volcano for fear of losing them in the hidden cracks and trenches that split the old lava flows. So, we abandoned Lengai and boulder-hopped up the river Engare Sero. This is a river that springs straight from the rock face of a gigantic natural amphitheatre in the wall of the Rift. I have never seen anything quite like it.

The flamingoes and bird life of Lake Natron finished off that day before tea. We trudged carefully on its shores, afraid of sinking into quicksand, the water of the lake a long way off. We returned to civilisation, reaching the thriving market town of Mto wa Mbo. Our Leader disappeared into the

only garage to barter for fuel.

We stayed one night at a rubble-strewn, mud-clothes-in official campsite by Lake Manyara, paying for the privilege in US dollars. A large flock of Overlanders in a bright yellow truck had a very noisy evening. OHs spluttered into bottles of beer.

Our last mountain, Hanang, spread its huge girth across the plains. According to the Olds, Hanang is climbed but rarely. We scrambled through recently-burnt forest and emerged at the lower summit covered in black soot. I dislodged several stones, which nearly hit the heads of OHs below me. They scowled.

The summit is reached along a rolling ridge, more of a knife edge in places. The botanical

OH wielded his ice axe and leapt on a plant growing in a crack of rock. He was pretty certain this was a new species of aloe. Remote mountain-tops in the Rift often have their own unique ecology, he said.

Our jolly accountant disturbed a Pentecostal minister who had gone to the top of Hanang's 11,000 ft as the one place he could fast and pray undisturbed for three days. He was singing hymns when we barged in. He refused water and biscuits and we left him with his Bible alone on the mountain behind a stone wall shelter.

That night, two of the expedition became romantically involved, which raised an eyebrow or two. Hanang responded to uproarious laughters and scruples. As midnight approached, the OHs downed cups of tea and stumbled off to bed. After checking for scorpions, I crawled into my sleeping bag and went to sleep.

How to get there. All three mountains are off the regular tourist circuits. Even if they are visited, they rarely are climbed. But Lengai is now on the route of some Overland trucks, and there are specialist safari companies which will take you.

If you venture independently, you need a reliable four-wheel drive vehicle with good clearance, essential spares, food, water and enough fuel to be self-contained. Hanang is reached from Arusha by driving through Malemani, Babati and Katesh and climbed from the west. Detailed and up-to-date maps of the region are scarce.

Food for Thought

For cheese, say goats

FRENCH newspapers have had their round of salmonella stories lately, just like Britain's. Only the other day, some people in an old folks' home became very ill and some died after eating contaminated rice pudding. But there seems to be no loud call for government action.

In the spring, I was invited to visit two Milk Marketing Board creameries in Cheshire and Shropshire. The summer has taken me to the Touraine, so I called at the *Syndicat d'Initiative* Ste-Maure and asked them to show me a goat-keeper who made his own cheese. My aim was, as the exam papers say, to compare and contrast.

I imagine that, as director of the Ste-Maure *Syndicat d'Initiative*, M. Bourgogne spends quite a lot of his time arranging goat visits, but he did me proud. M. and Mme Roy keep about 70 goats of the Alpine breed, sleek and dapper with neat, pinkish-brown coats and yellow eyes. I met them in their big shed where they live on a diet of lucerne.

I also saw the milking shed and the dairy where Mme Roy produces the cheese. Like Double Gloucester it is made by mixing last night's milk with this morning's. This is run off into a row of ordinary plastic buckets where it sits for 24 hours, turning into cheese at 18 degrees C. The sloppy curds are then put into plastic moulds like tall, narrow barrels punched with holes. Here, they drain for another day.

Before they are knocked out and rolled in a mixture of salt and powdered charcoal. Finally, as made cheese, they sit on shelves for a day or two.

At this stage the cheese has almost no flavour at all, but now it begins its *affinage*.

Cheese makes itself, as Stone Age man must have discovered, but it is essential to have someone of sensitivity and



ers don't only do one thing, like Mme Roy. But they are working for a market that wants a different thing from its cheese and, accordingly, the process and time scale are more industrialised.

Milk is collected by tanker

from farms in the neighbourhood and has to be checked for fat content. Ste-Maure has a fat content of 45 per cent but the goats seem to know what is expected of them in that regard and there is no call for day-to-day testing.

The milk in a British creamery is pasteurised on arrival, the goats' milk in Ste-Maure not at all, ever. Because of the pasteurising (apart from anything else), the milk mass in Britain is warm, if not hot. In Ste-Maure, the effort is to keep everything cool. And because British cheese must be hard, it is subjected to heavy pressure for a long time and emerges as a solid slab the size of a large briefcase which the supermarkets can slice up into the pieces we buy.

There are companies in

France making supermarket cheese in what you might call industrial quantities. There are also British goat-keepers who make their own cheese which they sell in small quantities through specialised shops. I asked M. Bourgogne in Ste-

Maure what he thought of this development. "Il n'ont pas l'habitude," he said. Since it is claimed that goats' cheese has been made in Ste-Maure since the days when Charles Martel defeated the Saracens at Poitiers in 732, perhaps his time scale is rather long.

Small-scale farmhouse cheese-makers in Britain are an embattled crowd; their efforts are appreciated by a modest market of enthusiasts buying from a small number of shops, many of them health food emporia of one kind or another. In most of the weekly village markets in the Touraine, there are stalls selling nothing but Ste-Maure goats' cheese; and it seems that nearly everybody who shops in the market takes a piece home.

Although the individual producer may be small by British standards, the whole enterprise is very large and meets the needs of a large market. Strangely enough, the cheese doesn't seem to vary very much. The *Syndicat d'Initiative* gave me a little promotional leaflet about the cheese which seeks to justify Ste-Maure's special reputation on grounds of the "light, chalky sub-soil of the region and the luminous climate of the valleys, particularly favourable to the production of cheese."

I expect the man who wrote that spends most of his time writing wine literature in similar vein. Perhaps we should turn him loose on Shropshire's luminous climate.

Peter Lewis

experience to watch over the process. Mme Roy does the dozen or so cheese-makers at the Express Dairy creamery. Handling, breaking and sniffing endlessly, they give the lie to any notion that English cheese is made entirely by machines.

A British creamery might

make cheddar on Monday and

Tuesday, then Sage Derby on

Wednesday and Caerphilly on

Thursday. So, its cheese-makers

will be on the move, from cheese to cheese, from cheese to cheese.

Both Jean-François and his

brother, Christian, share the exquisite, courtly manners and the self-deprecating theatricality which made their father the subtlest and most effective salesman of fine wines this century — although no family member does anything as vulgar as sell you wine directly; they simply, and graciously, allow you to buy some of it. And very good it is invariably, albeit carryng generally what might be termed a Moueix premium.

Despite its natural and curiously unpretentious lordliness, the family is far from aristocratic.

Simon Vail continues his mountain-climbing exploits in Africa by tangling with the Old Hands — and scorpions — in Tanzania

although the term might appear a little relative by the time you reach the fourth floor and contemplate an array of Cos d'Estournel, a magnum of the 1929 for FF2,000, the jumbo of the 1959 for FF5,000.

The wines all come from the stock of 1.5m bottles accumulated by Ducrot, a merchant bought by Jean-Pierre Moueix and other major vineyards in Pomerol and Saint-Emilion, and its quasi-monopoly grip on the finer wines traded traditionally through the lovely little town of Libourne.

Appropriately, the retail outlet is far, far removed from your average off-licence. It does not pretend to compete even with its neighbour, Magnum, which offers an excellent and competitively-priced range in a city under-equipped previously with opportunities to buy fine wines. L'Intendant is something special.

Situated opposite Bordeaux's grandest building, the Grand Théâtre, and named after the pre-revolutionary equivalent of today's Prefects, L'Intendant is housed in the shell of what used to be an unpretentious tobacconist. Not an orthodox shop, certainly nothing so trendy as a boutique, it is modestly located on that most noble of outbuildings, a dove-cote.

It consists of an elegant spiral wood staircase lined with bottles of claret, Sauternes, and dry white Graves. These become rarer increasingly in provenance (and price) as you ascend. At the bottom is the family's only concession to run-of-the-mill buyers: an excellent *vin* (relatively) *ordinaire* at a mere FF17.50.

The wines are good value,

delightful in a charming Roy Lichtenstein, having his portrait painted by Francis Bacon.

His two sons have gone rather different ways. Jean-François is as persuasive a salesman as his father while Christian was sent to the University of California's famous wine department at Davis, an unheard-of act 20 years ago.

With Jean-Claude Berrouet, a distinguished oenologist, Christian is now responsible for

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HOW TO SPEND IT

Shopping to suit a busy lifestyle

Lucia van der Post looks at a catalogue of quality



For Him — a range of ready-made but nonetheless fine quality Harvie & Hudson shirts. In two-fold cotton poplin, with mother-of-pearl buttons and twin-needle stitching they come in a choice of three stripes (blue, red or pink) finely-edged in black on a white background as well as plain white or blue at £24.95 a time. Sizes range from 14½ to 17½ collar size. Worn with a tie in a spotted pure silk tie (£18.95) and spotted red and white braces from the Regent Belt Company (£22.95)

IN THE world of shopping what passes for progress, or at any rate change, nearly always first sees the light of day in America, that acknowledged world leader in state-of-the-art shopping. It comes as no surprise, therefore, that Sears Group's plans to extend Selfridge's reach with a series of home-shopping catalogues, should have been sparked off by the success of such ventures in the US. The Selfridge selection, as the project is called, comes to fruition on September 7 and follows the tried and tested formulae of great American stores such as Saks, Neiman-Marcus, Bloomingdale's *et al*, where "home-shopping" is an established way of life.

In the US some 30m people buy from the catalogues of stores such as Saks and Bloomingdale's. Millions will never have set foot inside the store itself. The secret of their success seems to lie in conveying through the catalogue something of the shop's real character. Nobody, after all, would ever confuse a Bloomingdale's catalogue with one from Neiman-Marcus.

In essence home-shopping enables you to part with lots of money and buy lots of goods without ever having to visit the store. It differs from mere mail order shopping in that it is based around the identity or personality of a store. Most of us already have a clear, preceived image of what Selfridge's stands for but one store, based in London's Oxford Street, cannot be

within reach of all who might like its wares. The idea behind the Selfridge selection, as the Sears Group venture into home-shopping is called, is to take Selfridge's and its goodies to those parts of the country that the shop itself cannot reach.

Upmarket mail order shopping has been tried before and never been a conspicuous success but Sears believes that the time is now ripe for converting the elusive ABC1 consumers into browsers through the home-shopping catalogues.

Life-styles have changed, going their thinking, many of the shoppers they are after spend longer hours at work and use their leisure-time in increasingly sophisticated ways — shopping is no longer what they want to do off-duty.

It also hopes to attract upmarket shoppers by developing further the kind of ideas and service that the Next Directory offers. No nasty brown paper bags for the Selfridge selection — everything will arrive beautifully-packed in white tissue paper packed into white boxes.

Orders will be dispatched within 48 hours to any address nominated by the customer and there is a 24-hour seven-day free telephone order line (tel: 0800-101-101). All major credit cards can be used. They also offer a guarantee that the customer can return any goods that he is dissatisfied with with no questions asked.

So the service side sounds excellent, if they can bring off

in practice what looks so fine in print. But what about the goods? The first catalogue comes in on autumn fashion and here Mr, Mrs or Ms ABC1 with the busy life-style can select a safe wardrobe to take them through the autumn.

There's nothing startling or avant-garde, not even some of our finest British designers (no Jasper Conran, Arabella Pollock, Ally Capellino) but you will find Yves St Laurent, Fendi and Christian Dior as well as middle-of-the-road names such as Betty Barclay, Frank Usher and others. It's the place to look for quality basics rather than high-fashion.

Next in the series of catalogues will be one devoted to Christmas presents and it is full of chic and glossy items which the ABC1s can safely and happily give to each other over the festive season.

To the target audience — that is, those who hate shopping, those who live far beyond the reach of decent shops and those whose tastes run more to the safe and classic than the avant-garde — I think the catalogues may prove a boon. Men in particular may well be grateful to be able to buy the essentials of their wardrobe — things like the classic two-fold cotton poplin shirts, good silk ties and pure cotton socks — in such a trouble-free way. The first catalogue can already be ordered free from the helpline (tel: 0800-500-368) though the catalogues themselves won't be sent out until the September 7 launch date.

Lucia van der Post tells you where to buy the finishing touches — from doorknobs to candlesticks — that every well-dressed house needs

WHEN IT comes to buying all the small things that give a home personality and character we have seldom, in my memory, been surrounded by so much choice and variety.

Whether your tastes run to the cool and minimal or the ornate and baroque somewhere there is something for you. Shown here are just some of the

McCloud is the company for those who long for a little decorative detail, who are tired of too much logic and, too much devotion to the dictates of functionalism. McCloud believes in curves and curlicues, in bows and fleur-de-lis and above all it believes in a touch of theatricality. There is nothing thin-blooded or tentative about its pieces and those who like some of it will probably fall for it all.

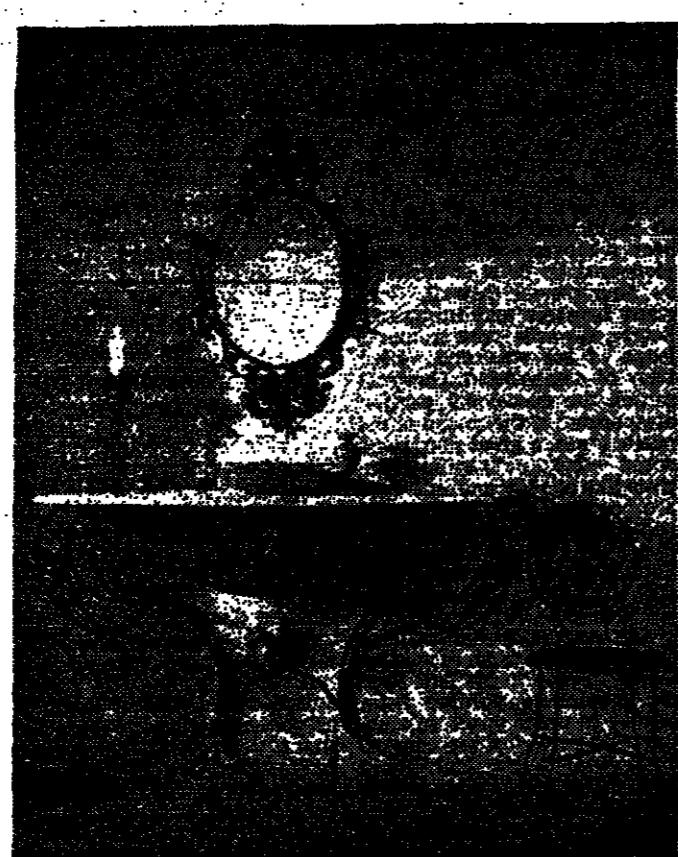
Everything McCloud makes is in forged metal and its designs, it says, "draw inspiration from the best of European craftsmanship". Each and every piece is hand wrought and welded, gold-leafed, rusted and then has a patina put on it so that it looks as if it has been around for a decade or two. Mirrors come with antique glass and things like chandeliers and wall sconces can be fitted to take delicate electric fittings or candles.

There is a small selection of furniture, including chairs (highly decorative and stately looking but I don't think I would relish sitting on them for long) and a selection of console tables with decorative forged metal supports and marble tops. However, its chief strength as a company seems to lie in smaller accessories. There is a big selection of wall sconces, with or without mirrors, there are coathooks and jardinières, mirrors and chandeliers and (a personal favourite) wine-racks that are highly attractive in their own right and a million miles from the square rough wood and metal ones that are commonly sold.

The photograph above gives you the range's flavour. The oval mirror is £255, the small, regal candlestick £25, the

smaller pieces that every properly-run household needs — whether it be a coathook or an ashtray, a doorknob or a mirror there are choices to be made.

Some come from exquisitely controlled minimalist designers, others from the small workshops that are springing up all over the country and possess the character and individuality that owe nothing to the production line.



spoonback chair £240, and the baroque console table £250. Sketched is the Curlicue wine-rack which holds 42 bottles. £275.

All can be seen and bought at the McCloud showroom at 61 Hillier Road, London SW11 6AX, or they can be ordered by mail from a full-colour catalogue which costs £2 from the above address. All of the pieces are handmade and some are made to order.

Philippe Starck is one of the most sought-after designers in the world. Ever since the heady day when he was first commissioned to do up some of the Mitterrand's private rooms in the Elysée palace and then went on to design that most modish of all modish cafes.

If THERE is a household that has enough bookshelf space I have yet to meet it. Finding a system that is elegant, strong, adaptable and not overwhelmingly expensive seems almost impossible. However, I came across a system designed some 20 years ago by one of the design world's most eminent practitioners, Dieter Rams, which seems to do almost all that one could ask of a shelf. It goes by the rather unromantic name of the 606 Universal Shelving System and is distributed in this country by Vitsoe UK, the company that was set-up 25 years ago, entirely to distribute Dieter Rams' products.

The 606 system's chief advantages, it seems to me, are that it can be infinitely changed and varied. No arrangement is fixed for all time. If you move house or change the arrangements in

a room you can either add to the system or, a more expensive option but one that is probably more suited to most domestic situations, is natural beech shelves with black metal fittings.

Those whose first instinct on hearing of flexible shelving systems is to run screaming, fearing that the calculations are beyond them might like to know that either Vitsoe or The Conran Shop, which sells it, are happy to design systems for customers.

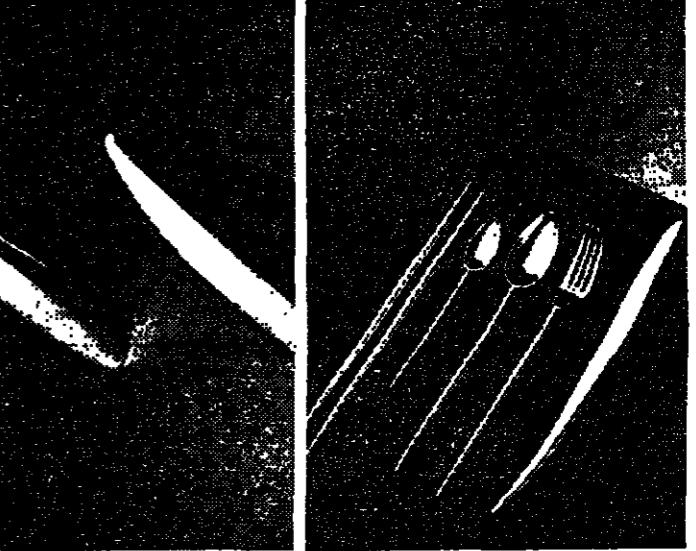
As with any shelving system giving exact prices is almost impossible but to give some idea, prices start at £36 per shelf for the metal finish. Delivery is free throughout Great Britain. For advice on the system contact either Vitsoe (01-402-5355) or you can see it and buy it at The Conran Shop, Michelin House, 81 Fulham Road, London, SW3 and Garrett O'Hagan, 99 Chapel Street, Dublin.

and shing over it since it opened last autumn. Its extraordinary combination of opulence and simplicity brings it streams of devoted visitors and OWO, the French company, was so wowed by some of its accessories that it now makes a range of them under

white metal shelving and fitting or, a more expensive option but one that is probably more suited to most domestic situations, is natural beech shelves with black metal fittings.

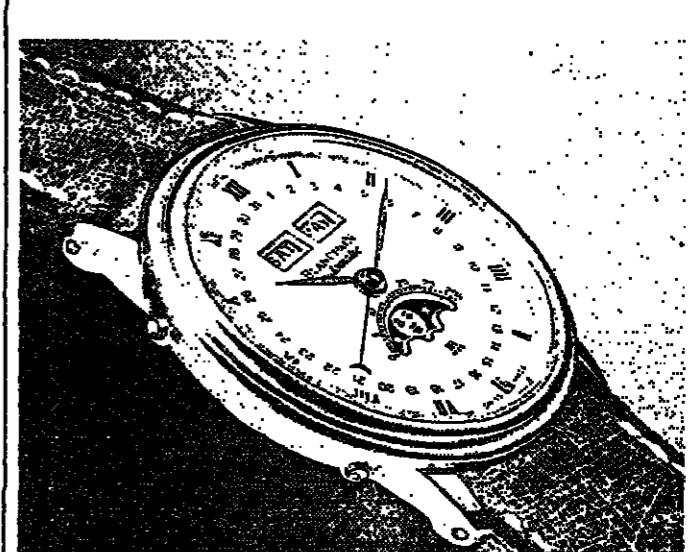
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business card holders, ashtrays and mirrors, most of them made from cast aluminium and some from combinations of cast aluminium and frosted glass. A small selection from the range is photographed here. There are now three shops, all in London but there is a good mail order service (tel: 01-494-3115). Shops are at 14 Newburgh Street, W1, 261 Kings Road, SW3, and 72 Upper Street, N1, London. Above left to right: a candlestick in cast aluminium with a frosted glass fin, £139; mirror in cast aluminium with frosted glass, £392; cast aluminium coathooks, £364 for 2; cutlery set, £165.

SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.



IB
BLANCPAIN

LONDON Carringtons, Mappin & Webb, David Morris, Garrard, London Hilton Jewellers, Watches of Switzerland, The Watch Gallery Tyme.

Cockery

Mystery of the missing fennel

same thing at all.

BAKED TROUT WITH HERBS

(serves six)

A fine, summery recipe for making the most of small farmed trout. For fly fishermen's larger offerings, increase cooking time a little. If you can't lay hands on fennel, use a little more oregano and chives.

Ingredients. 6 trout weighing about 8 oz each; 2 tablespoons each chopped fresh parsley, chives and fennel; 1 tablespoon each chopped fresh oregano, thyme and tarragon; 7½ fl. oz. Greek strained yoghurt plus 2½ fl. oz. whipping cream; a little concentrated or clarified butter.

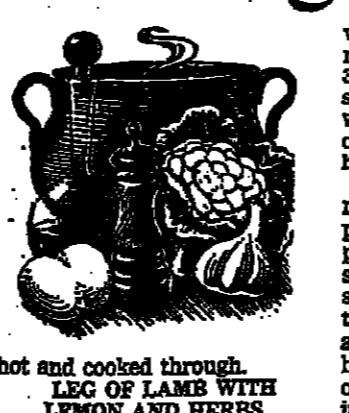
Measure the herbs into a small saucer. Add a generous

ous seasoning of salt and pepper and stir in the cream and yoghurt. Cover and leave to maturate in a cool place for at least an hour.

Heat a frying pan. Smear it barely with fat and fry the trout briefly, a couple at a time, just long enough to brown the skins well on both sides.

Transfer the fish to a baking dish (or other shallow oven-proof dish suitable for bringing to table) which is just large enough to take them, head to tail, in a single layer.

Bring the yoghurt and herb mixture to simmering point very slowly, stirring all the while. Pour it over the trout cover, and bake at 350 F/180 C (gas mark 4) for 20-25 minutes until the little fish are piping



hot and cooked through.

LEG OF LAMB WITH LEMON AND HERBS

(serves eight)

If you are tempted to try an alternative to roast lamb with mint sauce and red-currant jelly, I recommend this.

Ingredients. A leg of lamb

weighing 4 lb or more; fresh rosemary, thyme and oregano; 3 lb potatoes (ideally, they should be oval in shape and weigh about 5 oz each); 2 lemons; olive oil; and a little runny honey.

Put the lamb into a large roasting pan. Stray it with plenty of coarsely-ground black pepper and the bruised leaves stripped from two or three sprigs of rosemary. Add one tablespoon of honey and rub it all over the meat with your hands. Then rub half a lemon over the lamb, squeezing the juice onto the meat as you do so. Do not add any salt. Leave to marinate for 4-24 hours.

Peel and quarter the potatoes. Pile them around the joint and squeeze the juice of 1½ lemons over them. Scatter

the potatoes and joint with two tablespoons of chopped rosemary and half as much thyme and oregano, then drizzle them with two or three spoonfuls of olive oil. Pour a quart-pint of water carefully into a corner of the pan and slide the pan into an oven heated to 425 F/220 C (gas mark 7).

After half an hour, turn the meat and potatoes and baste well. Reduce the temperature to 400 F/200 C (gas mark 6) and continue cooking for a further 1-1½ hours. Lift the lamb and turn the potatoes occasionally as they cook to prevent sticking to the pan base, and add a few spoonfuls of boiling water to the pan if it begins to look dry.

When the herb and lemon-scented joint is ready, let it rest. If you want to give the potatoes a more golden finish, increase the oven temperature and continue cooking them for a little longer.

Philippa Davenport

DIVERSIONS/ARTS

"WORST EVER!" said *The Sun* the day afterwards. "20,000 at acid bash... drug pushers galore... kids of 12 go wild." It is unlikely that anyone at the party was much under 18, but apart from that, *The Sun* wasn't far off. With funfair rides, bouncy castles, soft drinks, hot dogs and candy floss, last weekend's Sunrise and Back to the Future Dance Music Festival was just like a fabulous children's party - for consenting adults only.

The event, which no-one but protesters called an Acid House party, took place in a field near the village of Longwick in Buckinghamshire. As usual with these parties the location is not revealed in advance but only by phone on the night: this is to prevent the police interfering and also, possibly, because it is more fun that way. Only ticket holders were admitted, and since these things are advertised by word of mouth alone the guests were made up of hard-core London clubbers and their friends, all united in their desire to party and to dance.

Dancing is the soul of the bizarre movement which first came to public attention last summer when Acid House music, with its fast synthesised beat, packed the nightclubs and gave rise to illicit "warehouse" parties all over the country. The attention of the media, focusing on the alleged drug-taking activities of the clubbers - LSD (back in vogue in a weak "club" form) and ecstasy, or E, a mildly hallucinogenic amphetamine derivative - finally drove the whole scene underground, but last summer's "summit of love" has been succeeded by a second, even more intense but without the "Acid" label.

The press coverage has only served to make the parties, the music, the drugs and the dancing more popular than ever among the young; the game now is to overcome the police, local residents, and the sheer difficulty of organising such events in order to hold the ultimate warehouse party.

Arriving at 11pm we were ushered through a posse of security men into a field about a mile from the village. Around the perimeter were stalls and fairground rides and a marquee with a light show. In the middle a strange machine, like a miniature Eiffel Tower, produced twisting sparks of light and laser beams, and at the end a stage with a large screen was flanked by 100kW banks of speakers blasting out the purest and hardest of DJ House music.

The spectacle was dazzling. Thousands of people (12,000 according to the organisers) were bopping and jiving to the frantic rhythms, glowing in the ultra violet light as it hit their



'A fabulous children's party' - hard-core clubbers dance the night away

I could have danced all night

Today's youth would rather party than protest, says Anthony Kerr

fluorescent clothes. The screen projected psychedelic images like cartoons, surrounded by a host of lasers making circles in the air. In the marquee the latest hi-tech light machines pulsed and flickered in time to the music, the lights from the fair spin round and round and, later, there were fireworks.

But it was in the first light of the morning that the full splendour of the gathering became apparent. As the sun rose to the sound of the party's anthem, "Everything begins with an E", the full range of London's fashions emerged from the darkness in a kaleidoscope of colours and styles probably never matched since the hippy era.

There were rastamen in day-glo colours, men with pony tails and ponchos, New Age hippies (but not real ones) with flowered bell-bottoms and balloon sleeved smocks, men in tie-dye caftans, with compact discs worn like amulets around their necks, couples in matching, loudly chequered jumpers or dungarees (fashion hint - one strap is worn undone), paisley shirts, cowboy suits, and, strangest but most revealing of all, people dressed as babies with dummies round their necks which, in times of stress, they would suck upon. It seemed to me that this

was a vast children's fancy dress party and that, in a country riven with disputes, the response of these hippest of young things was to retreat into childhood, into the simple pleasures of a lost fairytale.

The general atmosphere was also childlike. People shouted and ran around, ate hot dogs and drank soft drinks (no alcohol was available). There was no violence, only smiles all round; the blacks, the whites, the lesbians, the gays, and other assorted weirdos contented themselves with shouting "Mental", dancing, and having a good time which, in essence, is what it's all about. Indeed, that was the only thought uniting us all.

For this, after ten years of Mrs Thatcher - and exactly 20 years after Woodstock - is a protest movement without an ideology. "Do you think this could change the world?" I asked a young black man.

"Who cares?" he replied. "We just want to be able to party."

What did he do for a living? At that he laughed and walked away.

There was no perceptible political direction about this group of fun-loving kids - no anarchism (which real hippies often espouse), no green politics, and no issue like the Vietnam war to drive them into

action. Why fight when you can dance?

Definitely Thatcherite, however, is their attitude towards money. At £15, (plus £5 membership) the party was not cheap, especially if you add spending money and £15 for a tab of ecstasy; the clothes were the very latest and most expensive fashions, and considering that most people will be out clubbing several nights a week on top of that you have to be pretty much a yuppie to afford it all. The organisers of such events also stand to make at least £200,000 from a big party, provided they have the entrepreneurial skill to pull it off.

Could we one day see the first Acid House knight of the Realm?

Also making money, and very much part of the movement, were the drug dealers. For the press, this is the worst thing about the dance craze. Clearly, given the nature of the event, many people must have been on drugs. There were a few dealers wandering around offering "E", and once I was offered "trips", but it was much more low-key than I had expected. Most people must have brought their drugs with them, but it was impossible to say who had and who hadn't taken anything. Whatever the truth, the general atmosphere

was much more pleasant than most pubs on a Friday night.

It was the music, however,

which gave the occasion its purpose and spirit, and it was excellent. Everyone danced exuberantly, jerking and pumping the air, a seething wall of rhythm all night long and into the day. The end came at 3pm on Sunday, the result of a clamour of local protest and police pressure. Local residents were prevented from sleeping, but it was more their hatred of "Acid House Parties" and everything they stand for that brought it to a close.

The party over, the children went home. Clearly, the warehouse parties will continue, since it is almost impossible to prevent a group of people over 18 from enjoying themselves as they please, even if that involves drug taking and loud noise.

Their strange childhood fixation is perhaps one of the less expected results of this Government's political achievements, but at least it is non-violent, and apart from the drug aspect, surely preferable to the nihilism of punk or the drunken violence of street corner yobs. And who knows, its ideological vacuum may yet be filled with some kind of political consciousness. In the meantime, the dance goes on.

Quality in quantity: the Show rolls on

Antony Thorncroft on the RA's summer tradition

TOMORROW the Royal Academy's Summer Show closes its doors.

In just over two months around 140,000 people will have scrutinised the 1,250 or so paintings, sculptures and prints that make up the Show and, in the main, find that they

public.

In the last two years the panel of judges has attempted to improve the quality of the art in the Show.

They have cut down the entry by a couple of hundred - this year 1,251 exhibits were displayed out of a total entry of over 12,000 - passing over pretty, well-painted but anodyne flower pictures in favour of bigger, better, bolder works of

art.

There has also been pressure

on the Royal Academicians

themselves to submit good

things: David Hockney

responded with his first oil for many years. The 60 RAs, along with 30 ARAs, can each send in six works, and if they make no

offerings over five years they

must have a good excuse for

not doing so. In the event the

great majority submit howev-

er, they do not always sell.

The Summer Show, along

with the annual Contemporary

Art Society's exhibition at

Society's Galleries in Covent

Garden, has become the popu-

lar place to buy art. The majority of the works for sale in

the first week, most of them

during the three days of pri-

view, were £1,000 to £10,000.

But it is the moderately-priced art that finds a

buyer, although the average

cost rises steadily. In 1988 each

work cost on average £2,000;

this year it is £2,500, a jump of more

than 50 per cent. This includes

numerous prints, although

there are few decent paintings

going for less than £1,000.

So, obviously, it is the deco-

rative paintings by gifted amate-

urs and non-RA profes-

sionals that are snapped up. The seri-

ous buyers of art prefer to be

cosseted at a dealer's gallery

rather than participate in such

a frenzied market place.

The most expensive work on

offer, Michael Sandie's bronze

"Woman for Heidelberg,"

(which was chosen by the

panel of experts as the winner

of the Korn Ferry award, cost

£27,500 each in an edition

of five, is still available, except

for the original commissioned

work. In the main room there

are paintings by such distin-

guished RAs as Craig Alchi-

son, Roderigo Moynihan, Philip King and Gillian Ayres on offer for between £20,000 and £50,000 with no takers.

However, prospective buyers may be negotiating with dealers about them. Dealers have problems with the Summer Show. The RA's 25 per cent commission is at least half the usual dealer mark-up, but most artists take their dealers' advice and price their work at their market rate: they sometimes give their dealers a com-

mission as well as the RA, or else the dealer acquiesces in a higher return for the artist.

And the Show gives dealers the chance to travel for new talent.

Among the high prices paid to date has been the £14,000 by the organiser of the Grosvenor Antiques Fair, Ewan Steadman, for "The Kiss," a bronze by Ben Panton (this fibre glass edition of three cost £7,000 each).

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Musical movements

Ronald Crichton on the lives of three composers

LISZT

By Derek Watson

Des (The Master Musicians), 404

pages, £19.95

FELIX MENDELSSOHN.

A LIFE IN LETTERS

Edited by Rudolf Elvers. Translated by

Craig Tomlinson

Cassell, 334 pages, £14.95

DELUS: A LIFE IN

LETTERS, 1909-1934

By Lionel Carley

Scholar Press, 500 pages, £30

<p

ARTS

EDINBURGH FESTIVAL

Shill thrills with an odd ode to a crisis

FOR MANY a fringe practitioner, the Edinburgh Festival is just one more gig on the annual merry-go-round. But there is something a bit special about the presence in the Assembly Rooms this year of Steve Shill's latest dream drama, and of Jonathan Holloway's new production for the Royal Court for the lives and art of Frida Kahlo and Diego Rivera.

Shill is one of our most imaginative theatrical auteurs, a veteran of Impact Theatre and an obsessive accumulator of elemental dreamscapes. Working with students of the Leicester Polytechnic Department of Performing Arts, he has come up with a wonderful narrative framework for *The Ode to St Cecilia*. An orchestra has arrived in a remote country-house to give a performance of Purcell's *Ode on St Cecilia's Day*. But the money has run out, the bookings are drying up and the event's hosts and patrons are neither healthy nor very much interested.

Only when you leave the theatre do you realize that you have participated in a poetic analogy of a current "crisis" in the arts. "The artists themselves are forced to nurture their resentments and paranoias, beating each other up, confessing their fantasies, lying on top of the piano, throwing tennis balls through lamp-shades. Norman the agent, who describes the pond and ornamental garden outside, highlights the central discrepancy between what these musicians are and what

they play. They engage in idle vandalism with scissors and beer cans. One of them performs, very badly, the opening pages of the "Moonlight" Sonata (if that is the standard, how do they get any bookings at all?). A girl recounts the demise of a lecherous trumpeter; the harpist laments the personal hygiene of the driver, a freelance bassist tells of sticking receipts in books and

Michael Coveney finds more imaginative productions than usual hidden among the merry-go-round of the Fringe

picking up punk hitch-hikers. A violent kicking is administered to an incipient rebel. Good grief, I do hope this is not about the Scottish Chamber Orchestra.

The work is as yet far too timidly projected. But I predict that it will grow into one of the outstanding productions of the year by the time it reaches *The Place in London*. The students perform with grace and conviction, and Shill's instigating production is magically arranged in an airy white room, infiltrated by sounds of cows and birds, of rushing winds and gathering

muralist's style, with direct quotations from the great Alameda Park painting. Taking a cue from Sondheim, you might say this was "One Day in the Park with Frida and Diego."

Anyone who has visited Mexico is drastically changed by the experience. My affections for the country were gaudily aroused by this spirited compendium of politics, passions, and images of death (there is a lovely mini-chorus of dancing skeletons). We also meet the Andalucian and the Trotskys — at the same lunch

party! Anna Savva and Nicolesse Jennes are superb as the twice-married (to each other) indivisible rivals.

The play comes straight to the Croydon Warehouse after Edinburgh, for most of September, before embarking on a long tour. Catch it.

In *Ode to St Cecilia*, a whole orchestra turns up on stage. In Michael Cristofor's zippy boulevard comedy *The Lady and the Clarinet* at the

man with a dead wife."

The play is very funny, full of wise-cracks in the style of Neil Simon, a rather glossy package to find floating round the fringe (Rob Mulholland's production comes straight to the King's Head in London on September 12). But the significance of the show lies in the performance of Miss Stanton, who is rapidly becoming the first actress since Judi Dench of whom we can say she can very probably do anything. This is a stylish tour de force, a superb technical display covering a wide range of emotional and comic sentiment. The construction of Cristofor's play may be transparently conventional; this wonderful actress is anything but, and she has a field day. Result is so do we. ***

The show is presented by the American Festival Theatre. Another neat little American piece is on view at the Royal Scots Club, and I am not necessarily referring to the leading lady, Gwendolyn Humble, whom London audiences will remember from *Lend Me A Tenor*. *Going On!* by Charles Dennis is a backstage, dressing room comedy for two of Life's underclass. Alfred and Lynn Edward Hardwick directs these low-grade Lunts in a play that is honestly contrived but not very exciting. The performances, though, are just fine, with Mr Dennis himself partnering the finally haughty Humble.

Supported by the Banca Santander and the Royal Bank of Scotland, the Festival gave on Thursday at the Playhouse Theatre the first of three performances of Moreno Torroba's *Zarzuela, La Chulapona*. The production, by the National Opera of Spain, comes from the Teatro de la Zarzuela in Madrid. Spanish critics are happy splitting hairs about the various sub-divisions of the Zarzuela genre, which may be simply defined as Spanish light opera or operetta with a national, often local, flavour. These discussions can be tedious — no more so, probably, than endless British arguments about G and S. In the programme notes craftily avoiding us what that means) is sung by Lola Casariego, whose dark, almost plummy mezzo contrasts well with the soprano of Amalia Barrio as Rosario. One would like to hear this singer's attractive, veiled timbre in other roles. As the heart throb José María, the tenor Ricardo Muñiz is robust and likeable. José Luis Caneja as Antonio, Rafael Castaño as Chalina, the organ-grinder, Luis Barbero as Manuela's father and Julio Iniesta as her versatile brother are among the many who have the style at their finger-tips. Worth catching the last performance tonight, because this is the only large-scale Spanish musical offering at the festival which shows much enterprise.

of the cafe proprietor Señor Antonio, later in the duet where Antonio finally wins Manuela. Moreno Torroba shows a real opera composer's ability to present situations in music. Production by Gerardo Mella is as effective, leisurely and easy-going as the music. A pleasure, understanding even in its simple sets and costumes by Mario Benito — the laundry, with a shoal of draped white linen, is a gift for a designer.

No expense has been spared. The company has brought its own chorus and the Symphony Orchestra of Madrid with the experienced conductor Miguel Roa. Laundress Manuela (she is the "chulapona" of the title, this framework serves the librettists, Federico Romero and Guillermo Fernández Shaw, for a picture of Madrid city life, with an organ-grinder, a house-painter who follows many occupations

Ronald Crichton on an enterprising offering from the National Opera of Spain

including blind beggar and night watchman to earn a living, and other colourful street characters. Manuela's father is perpetually in debt. Rosario's mother is a money-lender. There is a spirited flamenco cabaret in Antonio's cafe, a band of aficionados on their way to a bullfight oblige with a suitable number. And so on. All this action (no doubt for eight audiences miss any amount of local allusions in the dialogue) is clothed in agreeable music of no obvious originality but evident skill. More than once, for example in the first-act waltz trio for the rival laundresses and

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of the cafe proprietor Señor Antonio, who has been waiting for this moment. The ending is downbeat, with Manuela alone on the stage confessing that her thoughts will often stray to the irresistible José María. This framework serves the librettists, Federico Romero and Guillermo Fernández Shaw, for a picture of Madrid city life, with an organ-grinder, a house-painter who follows many occupations

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A musical treat, but the eyes don't have it

IN ACT 2 of Wolfgang Wagner's new production of *Parsifal* at Bayreuth, the flower maidens filter on to the stage like a troupe of classical ballerinas in flowing white chiffon. For one awful moment, it looks as if Wolfgang has succeeded in grafting on to his grandfather's sacred festival play one of the Parisian operatic practices Wagner most abhorred in his early struggle for acceptance. The scene thankfully steps short of developing into a full ballet — yet the antiquated atmosphere of the staging does scant justice to a work which has always assumed a unique mystery and glow in the theatre for which it was created.

It was perhaps too much to expect Wolfgang to break free from the interpretative path he has followed all his life. His *Tannhäuser* production in 1985 suggested that the New Bayreuth style was not entirely old hat, as it pointed up some unexpected structural and philosophical parallels with *Parsifal*. This staging of the later work shows no such insights. Wolfgang has done little more than drag a new cover on his 1976 production, without being able to re-activate its inner truths. His motivation for a new production appears to have been a desire not so much to share abroad his life-long acquaintance with *Parsifal* as

Andrew Clark
reviews
Parsifal at Bayreuth

greater inner tension. Levine's mastery of the Festspielhaus acoustics is revealed in the purity of texture and luminosity of the strings. The slow crescendos of Gurney's monologues in Acts 1 and 3, and of the central confrontation between Parsifal and Kundry, are paced with exemplary musical instinct.

The playing is clean and note perfect (unlike the *Zing*, about which I will report separately). The performance may still lack that elusive spiritual quality captured by Knappertsbusch, but it suggests never-

theless that Devine is developing positively as a Wagnerian.

A pity, then, that the visual counterpart is so leaden. The decor consists of six conical columns of rock crystal — apparently inspired by Aztec art — the surfaces of which reflect the green of the meadow and the rainbow colours of Klingsor's magic garden. These inanimate columns, vaguely resembling sacks of crisply-wrapped gift boxes, bound the stage throughout the evening, except when swivelled 180 degrees to form the stepped walls of the Grail

mansions.

Wolfgang's well-formulated theories on the symmetry of *Parsifal* — how both Titurel and Klingsor have in different ways perverted the magic of the Grail — take rudimentary visual form in the hexagonal shape of the stage and its central plinth. But the production's minimalist movement, the blind direction of principals and clichéd costumes (by Reinhard Heimrich) turn the performance into just the kind of soporific, pseudo-religious pageant that would delight the work's detractors. Only in the Grail scenes, which are suffused with subtle variations of colour and light, does the staging make a creative response to the music.

With the exception of Wil-



ham Pell's lanky, baritonal and not entirely dependable Parsifal, all the principals have sung their roles in previous Bayreuth productions. Bernd Weikl makes a handsome Amfortas. Hans Sotin's short-breathed, under-the-note Gurnemanz is showing signs of age. Franz Mazura, now 65, still sings Klingsor with vigour. Waltraud Meier's Kundry is Bayreuth's jewel, but deserves a better partner than Pell. The festival chorus, trained by Norbert Balatsch, matches Bayreuth's most exalted standards. But even the best singing and conducting will not redeem this

first part of *A Travelling Actress* was given late last Saturday on Radio 4. The second, final part is tonight at 10.15, worth cancelling other things for. It is adapted from the journals of an 18th-century actress, Charlotte Deans, who ran away from home to marry an actor, and recorded her subsequent adventures. She made her terrified, inexperienced debut as Desdemona, where she sounds far better than you might expect; but then Charlotte was played by Judy Dench.

Life for a touring actress was full of incident in those days. Charlotte Deans managed a pub, went to prison with her husband when he was wrongly charged for debt, moved into lodgings with the survivors of her ten children and had two more, and, not surprisingly, went down with brain fever. Then her husband unexpectedly died. Hear the rest tonight — Mrs Deans, born 1788, lived until 1859. The director is Jane Morgan.

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Radio 4 has been obsessed with actors lately. There has been a repeat of *I, an Actor*, with Nicholas Craig and other actors being actors, and the more broadly comic serial *An Actor's Life for Me* that ended on Wednesday. Yet the top actors this week were heard on Saturday and mid-afternoon on Thursday.

Thursday's piece was *The Ultimate Invention*, by Don Haworth, where Simon Callow played a 19th-century Grand Duke, and Alan Bennett a grumpy small-time engineer, Francis Block, who reckons that his latest invention will

serve to pay off all the Duchy's debts.

Unhappily, Block's apprentice lacks the invention — which is, I can tell you now, the play is done, a two-wheeled, foot-propelled means of transport called a "bi-cycle" — and has added a refinement of his own, a "free-wheel".

This punch-line comes rather too soon in the play, but there is such fecund invention and so many good jokes, and the playing of Callow and Bennett is so delightful, that I had no feeling of anti-climax. The play was co-produced with the World Service, and directed by Gordon House.

Alan Bennett was also to be heard on Radio 3, in a repeat of the *Better Babies* programme about Machiavelli, whose better half on this occasion was Prunella Scales.

Thursday's piece was *The Children of the Book* (Radio 4, Thursday) gave us some inside views of young British Muslims. A girl resents wearing her head scarf and being disallowed meat in the canteen. White parents would not let them play with their

children. "Rushdie" was used as a bad word at school. Praying routines were hard to understand. "Islamically" there were no arranged marriages; they were family business. Two girls told of unhappy marriages and both claimed now to be atheist. There was rock music in a Muslim club, but no dancing, and the girls could not wear miniskirts.

They sounded like young people of any kind living under an imposed discipline. The programme was presented by Yasmin Alibhai, Race Editor (sic) of *The New Statesman*. "We need to develop a British Islamic culture," we were told, but what is that? How would it solve the Rushdie question equally acceptably to Penguin and Tehran?

The BBC Radio Collection consists of handy taped versions of popular radio broadcasts. The range is great; the latest lot I have been sent ranges from *Dick Barton* to a reading of Graham Greene's *The End of the Affair*.

The whole catalogue includes such treasures as the *Goon Show*, *Hancock's Half-Hour*, *Joyce Grenfell*, *Lake Wobegon*, *Lord of the Rings*, *The Nine Tailors*.

Mostly they consist of two cassettes in a programme wrapper and packed in a neat transparent plastic case. Some go to four cassettes and two cases.

The quality of reproduction is as it was broadcast; the size of the package is four and a quarter inches by five and a half inches by half an inch. You could call them the radio devotee's videos.

B A Young

At home with the Blakes

FOR THOSE of us who have so far resisted the mad rush north to Edinburgh, a gleam of sanity: Jack Shepherd's stimulating portrait of William Blake and his revolutionary near-contemporary Thomas Paine has made the sort of progress that is the dream of many a fringe hopeful, from East Dulwich to West End, unabetted by any festival hype.

It arrives in Covent Garden a

little stretched at times across the wide, flat expanse of the Donmar Warehouse, but absorbing nonetheless in its postulation of a chance debate between a young Blake, odd-jobbing engraver and ignored poet, and the battle-weary man of action who has seen his welcome wither in the bosom of the French Revolution.

Shepherd uses the debate to create a snapshot of two contrary but in crucial ways complementary intellects, while

making the point that the issues of the 18th century were significantly analogous to our own: the fire of patriotic zeal flicker against the walls as the "traitor" Paine, a fugitive from the lynch mob, takes advantage of the cosy seclusion of the Blakes' Lambeth garden to propound his revolutionary theories to a visionary nutcase as opposed to "revolution."

What Blake's terms is a

matter of seeing angels

comes to be perched six foot up a tree with nothing but a garland for modesty, while Michael Maloney's Blake is a study of blank-eyed otherworldliness coupled with boyish eagerness to please and a zealous belief in "revelation" as opposed to "revolution."

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Shepherd who also directs, offers no reconciliation. Out of all the wine and brandy consumed during the evening comes no maudlin togetherness, rather a recognition of the differences that persist between artists and activists, compelling the activist to go out over the garden wall once again. The points are put elegantly and eloquently enough to give a risible redundancy to the anti-smoking lobbyist, who had to be hustled offstage after a noisy protest at the end of the show. Had nobody told him that Fidel Castro has given up cigars?

Claire Armitstead

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